Austria ... Sch22	Indonesia ... Rp3100	Portugal ... Esc100
Bahrain ... Din0.650	Israel ... NS3.50	S.Arabia ... Rls6.00
Belgium ... BFr48	Italy ... L1600	Singapore ... S$4.10
Canada ... C$1.00	Japan ... Y600	Spain ... Pta125
Cyprus ... C£0.75	Jordan ... Fils500	Sri Lanka ... Rup30
Denmark ... DKr9.00	Kuwait ... Fils500	Sweden ... SKr8.00
Egypt ... E£2.25	Lebanon $L125.00	Switz ... SFr2.20
Finland ... Fmk7.00	Lux ... LFr48	Taiwan ... NT$85
France ... FFr6.50	Malaysia ... Rls4.25	Thailand ... Bht50
Germany ... DM2.20	Mexico ... Pes300	Tunisia ... Din0.800
Greece ... Dr100	Morocco ... Dh6.00	Turkey ... L500
Hong Kong ... HK$12	Neth ... Fl3.00	UAE ... Dh6.50
India ... Rup15	Norway ... Nkr8.00	USA ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,424 — Tuesday December 29 1987 — D 8523 A

Foreign Affairs: investing in the cerebral, Page 11

World News

Guerrillas deny Kabul victory claim

Afghanistan's Soviet-backed Government claimed to have scored a major victory over Moslem guerrillas, saying that more than 1,600 rebels were killed near the eastern town of Khost. The Pakistan-based rebels denied that the siege of Khost was over, saying fighting was still continuing.

President Ronald Reagan, meanwhile, called upon the Soviet Union to withdraw its troops from Afghanistan "promptly and irrevocably." **Page 12**

Talks on border row

President Daniel Arap Moi of Kenya and President Yoweri Museveni of Uganda met near their common frontier in an attempt to defuse tension which has halted trade and cooled diplomatic ties since frontier clashes two weeks ago. **Page 2**

US crewman killed

The US Navy destroyer Beary and the frigate Thorn cut short a Christmas call at Barcelona after a grenade attack killed a crewman on shore leave and injured four others. **Page 2**

Disaster ferry adrift

The British ferry Herald of Free Enterprise, which capsized off the Belgian port of Zeebrugge last March, killing 189 people, remained adrift in the Indian Ocean after breaking loose from a tugboat near Port Elizabeth, South Africa. **Page 2**

Nuclear waste probe

The West German Government ordered an inquiry into a scandal involving hundreds of barrels of radioactive nuclear waste which shippers illegally returned to West Germany from Belgium. **Page 2**

EC seeks compromise

West German Agriculture Minister Ignaz Kiechle will tour European Community capitals next month in an effort to find a compromise solution to the problem of Community farm spending, his ministry said.

Soviet oil boom

The Soviet Union beat 1987 oil output targets and produced the equivalent of 12.5m barrels daily, more than 20 per cent of total global production, thanks to recent economic reforms, Oil Minister Vasily Dinkov said.

Spanish ports blocked

Spanish ports were paralysed by a 24-hour strike staged by more than 8,000 Spanish dockworkers protesting against the introduction of new labour contracts.

Kidnap suspects held

West German police arrested three people on the North Sea island of Foehr following the kidnap of the two teenage children of businessman Mr Anton Schlecker, who paid a DM10m ($6.25m) ransom.

Airport suicide threat

Eight Iranian refugees camping for three days at Belgrade airport threatened mass suicide because they feared Yugoslav authorities might return them to the Middle East.

Bangladesh strike call

Bangladeshi opposition parties trying to topple President Ershad with a campaign of strikes and demonstrations organised a new work stoppage for today.

Cuba draws tourists

About 250,000 foreign tourists visited Cuba this year, a 10 per cent rise over 1986, bringing earnings of $120m to a country in great need of hard currency, a national tourism board official said.

Strauss in Moscow

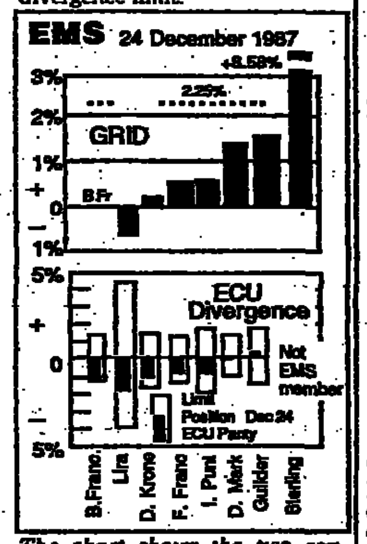
Bavarian Premier Franz-Josef Strauss flew to Moscow yesterday for a visit focusing on economic issues but tinged with speculation he might appeal for the release of young West German pilot Mathias Rust.

Business Summary

Elders acquires NZFP control

ELDERS IXL, Australian-based brewing, agribusiness, and financial services company, has acquired a controlling interest in New Zealand Forest Products (NZFP) and proposed an A$1bn merger of the New Zealand company with its Elders Resources unit. **Page 14**

EUROPEAN Monetary System: Currencies were confined to a narrow range last week as traders preferred to wait until the new year before making any fresh assessment. Consequently the lack of volume ensured a muted response to the latest G7 communique, although most traders saw the dollar losing more ground and a firmer D-Mark putting pressure on the weaker currencies. The Belgian franc remained the lowest member but was still well within its divergence limit.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

WALL STREET: By 2pm the Dow Jones industrial average was down 59.35 at 1,940.32. **Page 28**

TOKYO: A severe setback in Tokyo yesterday on the last trading day of the year was reversed towards the close when leading brokerage houses and investment trusts stepped in to buy stock, and the Nikkei average finished 30.56 higher at 21,564.00. **Page 28**

LONDON was closed for a public holiday.

CABLE TELEVISION consortium has agreed to pay around $2bn for SCI Holdings, reaping hefty profits for Kohlberg Kravis Roberts which took the fourth largest US cable televison operator private in a leveraged buyout two years ago. **Page 14**

SUMITOMO LIFE Insurance, Japan's third largest in terms of assets, will reduce its investments in US and Canadian dollar instruments from 80 per cent to 70 per cent of its total overseas portfolio by the end of March, 1988, and will place more of its investment funds in European markets. **Page 14**

GROUPE AG, Belgium's second largest insurance company, has launched a BFr7.44bn ($217m) counterbid for control of Assubel-Vie, the country's third largest insurer, in an attempt to fight off a French takeover offer. **Page 14**

COOPERS & LYBRAND, one of Britain's largest firms of accountants, plans to appeal against a ruling by the Institute of Chartered Accountants' disciplinary committee which found that Coopers' work for Pilkington, UK glass company, during the £1.2bn ($2.2bn) bid from BTR earlier this year lacked objectivity. **Page 5**

ISUZU MOTORS, leading Japanese commercial vehicle maker, suffered a heavy operating loss of Y15.6bn ($123m) in the year ended October 31. **Page 14**

SAAB-SCANIA, Swedish car, truck and aerospace group, said "certain contacts have taken place" with Mazda, Japanese car maker 25 per cent owned by Ford. **Page 14**

Silent and subdued, West Bank teenagers march into court

BY OUR JERUSALEM CORRESPONDENT

ISRAELI justice for the teenage stone-throwers and tyre-burners of the occupied West Bank may be rough, but it is far from ready, if yesterday's proceedings in the Nablus military court are anything to go by.

The hearing, set for 9am, finally started at 10.45. The 24 defendants, none looking much over the age of 16 and some, despite official disclaimers, looking distinctly younger, marched into court silent and subdued.

If this was the Palestinian revolution incarnate, it had lost both its defiance and its bravado. Television cameramen and photographers were allowed one minute, then banished from the court in the old British cement fortress. Reporters, who were allowed to stay, took up so many seats behind the dock that the dozen Arab lawyers had to stand alongside their clients.

The trials started three weeks after rioting broke out in the West Bank and the Gaza Strip. Although these areas were quiet over the Christmas period, earlier at least 22 Palestinian youths had been killed in the disturbances and dozens were injured.

One after another of the accused whose names were read by the presiding colonel failed to answer. They had, it was explained, been moved to other jails, or sent home, or were still being interrogated. The colonel, a square-jawed, big-shouldered man in a padded olive zip jacket, who looked as if he had won his commission on the battlefield rather than the courtroom, soon lost patience and instructed the ushers not to waste the court's time.

Gradually, singly or in pairs, the defendants came to the front of the court to answer charges of breaking the peace during the December riots. The judge addressed them in Hebrew, a young soldier interpreted into Arabic, the defendants pleaded "Not guilty."

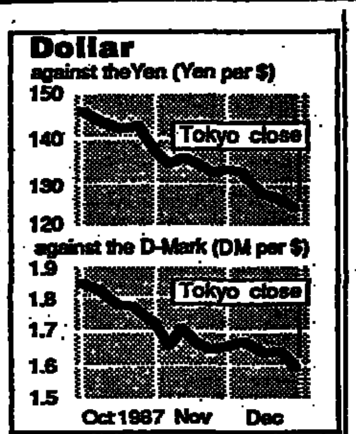
The judge explained that they were entitled to defence counsel. Some named their lawyers, who asked for time to study the papers and prepare a case. Others said they would speak for themselves. Either way, the judge remanded them in custody for one or two days. The prosecution was ordered, testily, to have its witnesses ready. One Arab lawyer was asked to leave the court after trying to coach one of the boys who was not his client.

The judge called it a "chutzpa," Yiddish for "cheek." On Sunday, the first day of the trials, a handful had pleaded guilty to lesser charges and received sentences ranging from six weeks for standing guard while his classmates stoned Israeli vehicles to eight months for the actual stoning.

The lawyers expect more severe sentences in the defended cases. So far about 200 of the 800 suspects acknowledged to have been arrested last week have been charged. Some have already been released. Many were picked up during the night from their homes in West Bank and Gaza refugee camps, which makes it harder for the prosecution to prove their guilt.

The round-up seems to have had an effect. The occupied territories were almost back to normal yesterday.

The Government is divided over whether to reinforce the mass arrests with deportations of selected ringleaders. So far there have been no deportation orders although Mr Yitzhak Rabin, the Defence Minister, has said they remain an option. Mr Shimon Peres, the Foreign Minister, is worried by the effect expulsions would have on relations with Egypt and Jordan, which have let it be known that they would not accept anyone put over the border, and on the US. President Hosni Mubarak hinted to a visiting Israeli Arab MP last week that deportations might force him to recall his ambassador from Tel-Aviv.



A Tokyo money broker checks the dollar rate yesterday as it slid to new lows

Dollar hits new lows despite intervention

BY OUR ECONOMICS AND FOREIGN STAFF IN WASHINGTON AND LONDON

THE DOLLAR slumped to record lows against other major currencies yesterday despite a concerted move by central banks to prop up the US currency.

The slide, which began over Christmas in the Tokyo markets, gathered pace in thin but volatile trading in most European centres and in New York. It prompted renewed losses on world stock markets, with share prices falling on both sides of the Atlantic.

Central banks responded with a wave of dollar purchases, led by the Bank of Japan and, in Europe, by West Germany's Bundesbank. The central banks in Italy, Switzerland and France also intervened, but the joint action succeeded only in limiting the dollar's losses.

The White House, alarmed by yesterday's slide in the dollar, issued a statement saying it wanted to see stability in the US currency and warning that a further decline would be "counter-productive."

Mr Marlin Fitzwater, President Reagan's spokesman, said: "We feel strongly that any further decline or excessive fluctuation could be counter-productive."

Mr Fitzwater was speaking in California, where President Reagan has begun a Christmas vacation.

The White House has issued several public statements stressing that it wants dollar stability, but they have had little impact on the market. US officials are disappointed that the recent communique from the Group of Seven main industrial countries has failed to stop the dollar's fall.

Currency traders yesterday attributed the dollar's fall to the failure of the Group of Seven's statement to persuade investors that the US Administration was prepared to defend its currency.

In particular, remarks after the statement by Mr Beryl Sprinkel, President Reagan's economic adviser, cast doubts on Washington's commitment to a stable dollar.

But with London markets still closed and turnover in most other centres described as "extremely thin," traders were reluctant to predict that the move marked the beginning of another decisive dollar fall. Some European traders were also wary that the latest losses could prompt the US Federal Reserve to step up support for its currency.

However, the Fed was reported to have bought only modest amounts of dollars. New York dealers suggested that this confirmed the view that the US Administration was not particularly committed to defending the dollar at current levels.

In Tokyo, statements by Mr Kiichi Miyazawa, the Japanese Finance Minister, and Mr Satoshi Sumita, the Governor of the Bank of Japan, affirming Japan's support for the G7 accord, failed to halt the dollar's decline.

Shares on the Tokyo stock market fell sharply in early trading in response to the dollar's decline, but later recovered as the Big Four Japanese securities companies bought stock. As a result, the Nikkei average, which was down by nearly 600 points at 20,936 early on Monday, closed up 30.56 at 21,564.00.

In Europe, share prices fell by around 3 per cent in many centres, but turnover was described as light. The Frankfurt market's FAZ Index closed 2.5 per cent lower at 428.40, while prices on the French and Dutch bourses were over 3 per cent lower than pre-Christmas levels.

The dollar's weakness, coupled with recent falls in the Tokyo stock market, undermined both US equities and bonds.

At midsession, the Dow Jones Industrial Average was down 52.72 at 1,946.95. On the bond market, the Treasury's 30-year 8.875 per cent benchmark issue was nearly a full point lower at midsession, yielding 9.01 per cent.

The dollar ended the day in Europe yesterday at DM1.5940 and at Y123.10. That compared with rates of DM1.6286 and Y126.75 at the end of European trading last Wednesday.

The pound rose from $1.8205 before Christmas to $1.8625 yesterday.

G7 and the dollar, Page 11; Lex, Page 12; Currencies, Page 17; World stock market reports, Page 28

Beleaguered Santa Fe agrees to sell Southern Pacific

BY ANATOLE KALETSKY IN NEW YORK

SANTA FE SOUTHERN PACIFIC, the beleaguered US transport, energy and real estate concern, which is trying to fend off several takeover bids while complying with a government order to spin off part of its railroad business, has agreed to sell its Southern Pacific Transportation subsidiary to Rio Grande Industries.

The deal with Rio Grande, a private holding company for the Denver & Rio Grande Railroad, is worth $1.8bn to Santa Fe – $1.02bn payable in cash and the rest through the assumption of Southern Pacific's debt load.

However, the sale could still face several stumbling blocks, both of a regulatory and financial nature. On the regulatory side, the takeover of Southern Pacific, with its 13,000 miles of railroad routes, will have to be approved by the Interstate Commerce Commission.

The commission first threw Santa Fe's future into the melting pot last summer by ordering it to sell one of its two great railway systems on anti-trust grounds. Although a merger between Southern Pacific and the much smaller Denver & Rio Grande is not expected to pose the same competitive obstacles as the original Santa Fe-Southern Pacific tie-up, the ICC review could create further uncertainties and delays before the deal is completed.

In the meantime, there could be opposition to the sale from some of Santa Fe's major shareholders and from other bidders for Southern Pacific. Yesterday Kansas City Southern, one of these disappointed suitors, announced that it would "continue to pursue the acquisition of Southern Pacific," despite the deal signed with Rio Grande.

Kansas City said it was "disappointed and mystified" by this deal, which was "simply not competitive" with its own offer. Without disclosing details, Kansas City claimed its bid for Southern Pacific was higher than Rio Grande's and faced fewer regulatory problems.

"We do not understand how either Santa Fe shareholders or the public interest is served by accepting a lower bid with greater competitive problems," Kansas City added.

Complicating the issue further, will be reactions from Henley Industries and Olympia & York, the two acquisitive companies which are Santa Fe's largest shareholders. Both companies have discussed rival plans for buying the whole of Santa Fe for more than $10bn and spinning off its assets.

Santa Fe's response to the takeover threat has been to announce a corporate restructuring involving the distribution of $4bn in cash and new securities to its shareholders. The sale of Southern Pacific to Rio Grande, if it goes ahead, will bring to $1.7bn the pre-tax cash proceeds which Santa Fe has raised to help finance this restructuring.

Death toll mounts in South Africa

By Anthony Robinson in Cape Town

FIGHTING between rival black political groups in Natal claimed another 18 victims over the Christmas weekend, raising the holiday toll to 32 and prompting a renewed call for peace from Archbishop Desmond Tutu.

The police also reported that another 10 people were killed in fighting between two rival Zulu clans in the Greytown area of rural Zululand but, unlike other violent incidents over the holiday break, the fight apparently had no political motive.

Over 260 people have now died in Natal over the past 12 months. The clashes, mainly in the black townships around the province's capital, Pietermaritzburg, have been between supporters of the United Democratic Front (UDF) and the Zulu backed Inkatha movement, led by Chief Gatsha Buthelezi, the Zulu leader.

Both groups oppose apartheid, but there has been growing antagonism between the comparatively conservative Chief Buthelezi, who is opposed to economic sanctions, and the more radical UDF, which endorses economic measures against Pretoria.

Yesterday Archbishop Tutu, who has described the fighting as "a ghastly spiral of unending revenge killings", renewed his appeal for an end to the fighting.

He called on rival leaders "to make an explicit and unequivocal call to their followers to cease acts of violence forthwith."

The local Chamber of Commerce, worried by the negative impact of the fighting on the area's attraction for investors, has

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British motor industry tied closer to Japan

BY OUR INDUSTRIAL STAFF

AUSTIN ROVER, the UK state-owned car company, is scheduled to build 40,000 vehicles a year for Honda under another deal which ties the UK motor industry closer to Japan.

Nissan of Japan has already announced a further £216m ($391m) investment to double the output target of its UK plant in the north of England to 200,000 by 1992. Britain is Nissan's bridgehead for its assault on the European Community.

The implications of an increase in Europe of a Japanese presence are becoming apparent with a move by BTR to separate out the wheelmaking operations of its Dunlop subsidiary to form a joint company with Topy International, the biggest Japanese steel wheelmaker that has recently opened a plant in the US.

Industry attention will inevitably focus upon Honda's reaction to the Nissan initiative to establish the UK as its European manufacturing base.

Honda has publicly set its face against anything more than the present collaborative deals with Austin Rover. The Japanese concern is pressing ahead with a project to build an engine plant in the west of England, leaving open the possibility of eventually establishing an assembly operation there.

Car assembly capacity is available to Honda, however, under the present agreements with Austin Rover. There are plans for the Birmingham factory to build under contract up to 40,000 units a year of the new jointly-developed middle-range cars. The first model is due for launch in 1989.

The deal for the new saloon, codenamed the "R8", is more wide ranging than for the initial joint project, the luxury Rover 800 series.

Austin Rover believes there will be sufficient product differentiation between its own and the Birmingham-built Japanese versions to avoid competition in the UK market, while providing additional opportunities for export to the European Community.

The UK Government has made clear its intention to privatise Austin Rover, and Lord Young, the Trade and Industry Secretary, has called upon Mr Graham Day, the Rover Group chairman, to come forward with detailed plans during 1988.

The collapse of equity markets might, however, cause the Government to take a longer view: Austin Rover, after the introduction of the R8, could offer a more attractive model line-up and still meet the deadline of privatisation within the life of the present Government.

Austin Rover would argue its prospects have improved dramatically over the past 12 months. A trading profit will be announced for 1987, compared with the £166m loss in the previous year.

Though UK penetration has been disappointing, at only around 15 per cent, sales have increased on the back of a record level of registrations which passed the two million mark just before Christmas.

Austin Rover has altered the product mix in pursuit of profit margins rather than volume - a policy that will continue. Output was nevertheless up 14.5 per cent from 409,000 to 468,000.

The company is expected to announce the best export figures for five years – up from 117,000 in 1986 to around 145,000. The only cloud on that performance is the re-entry to the US, where the Rover Sterling is expected to grab sales of around 17,000: the fall of the dollar must make the contribution to profit at best marginal.

The Nissan expansion, which

Continued on Page 12

CONTENTS

WEST GERMAN BUSINESSMEN LOOK FOR INITIATIVES FROM BONN

Chancellor Kohl's Government is being criticised for its handling of the economy, Page 12

Spain and US join in blast probe

By David White in Madrid

SPANISH and US authorities are to collaborate in investigating Saturday's hand-grenade attack on a US servicemen's bar in Barcelona, which caused the death of a seaman and wounded four others.

Initial claims of responsibility for the attack made on behalf of the Catalan separatist organisation Terra Lliure (free land) and a splinter group called the Catalan Red Liberation Army (Erca) were received with scepticism by police. Erca claimed responsibility for three earlier attacks against American interests, including a bomb at the US consulate in Barcelona in October, in which eight people were hurt.

Other hypotheses were being considered, however, including an action by an Arab group. In 1985 the Islamic Jihad organisation was blamed for an explosion which killed 18 people at a restaurant outside madrid usually frequented by US air force personnel.

The body of the dead seaman, 22-year-old Ronald Strong, was transferred to the Torrejon air base outside Madrid yesterday. Both of the US warships which had been anchored at Barcelona left the port.

Police bomb disposal experts also exploded a device placed by a replica of Columbus's vessel Santa Maria in Barcelona on Sunday morning.

●Spain is expected to apply for the extradition of Mr Ignacio Pujana, alleged to be one of the operational chiefs of the Basque organisation Eta, following his arrest in France, the latest in a series of blows against the terrorist group.

Mr Pujana, aged 26, was detained with another alleged Eta member near Angouleme last Wednesday after being challenged by police for parking irregularly. They were reported to be carrying arms and the equivalent of $7,500 in various currencies.

Mr Pujana, suspected by Spanish media for being behind a bomb attack in Saragossa earlier this month, in which 11 were killed, is believed to have taken over from Mr Santiago Arrospide Sarasola, alias Santi Potros, who was arrested in France in September and is also due to face extradition hearings.

Kenya and Uganda in talks on border row

BY OUR FOREIGN STAFF

THE presidents of Kenya and Uganda met yesterday an in an effort to resume normal trade and diplomatic relations, disrupted by border clashes earlier this month.

President Daniel arap Moi of Kenya and Uganda's Yoweri Museveni began their talks, which were expected to end later in the day, at the Kenyan border town of Malaba. Relations between the conservative government of Kenya and the left-leaning Ugandan administration have been strained ever since President Museveni took power last year.

They reached a new low two weeks ago when at least 15 Ugandans were killed during three days of sporadic fighting between Kenyan and Ugandan security forces at Busia, a border towm 30km south of Malaba. Each side blamed the other, and Kenya expelled two Ugandan diplomats and withdrew six of its High Commission staff in Kampala.

As a result of the dispute landlocked Uganda's trade has been severely disrupted, with imports piling up at the Kenyan port of Mombasa. There is a severe fuel shortage in Kampala while exports of coffee, Uganda's main foreign exchange earner, are being delayed.

The Kenyan government says that while the border is open to traffic between the two countries, security problems in Ugandahave caused difficulties. Eight Kenyan lorry drivers are said to have been killed in Uganda since the border clashes began.

For their part Ugandan officials suspect that the disruption to traffic is a result of Uganda's efforts to carry more of its trade on the railway between the two countries, which costs less than road services. The officials maintain that truck operators in Kenya, who have close links with the government, are anxious to retain the lucrative road haulage contracts for trade between the two countries.

In a dispute which began in April this year Ugandan traffic through Mombabsa was disrupted for several weeks.

China denies that Mao's widow has been released

BY OUR PEKING CORRESPONDENT

THE CHINESE Interior Ministry yesterday reaffirmed that Jiang Ching, Mao Zedong's widow and leader of the infamous gang of four, is still in prison, despite rumours that she had been released.

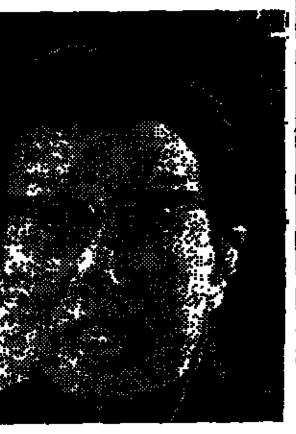
There have been persistent reports over the past few days that Jiang is now free and living in a villa in a Peking suburb, possibly with her daughter. She is said to be in poor physical condition.

Jiang and the other members of the gang of four - Wang Hongwen, Zhang Chunqiao, and Yao Wenyuan - were arrested in 1976 shortly after Mao's death.

They were convicted in 1981 on charges relating to their role in the excesses of the cultural revolution. The Interior Ministry said that the other members of the gang were also still in prison.

Jiang was condemned to death, but after a two-year stay of execution, this was commuted to life imprisonment in 1983.

This is not the first time rumours of her release, usually on grounds of ill health, have swept Peking. As in earlier cases, such reports have surfaced around the anniversary of Mao's birth, December 26. This year the anniversary was marked by thousands of people, including one of Mao's sons, filing through the mausoleum in Tianmen square which contains his body.



Madame Mao

US phone charges to be cut again

By Roderick Oram in New York

FURTHER cuts in US *long-distance telephone* charges, which have already dropped by one-third since the break up of AT&T four years ago, will result from a Federal Communications Commission order to local telephone companies to reduce the *access fees* they charge long-distance carriers.

The local companies, primarily the seven regional Bell companies formed by the AT&T break-up, are to cut their fees by $720m (£400m) from Friday.

AT&T and other long-distance carriers such as MCI Communications and US Sprint will pass the reductions on to users in the form of tariff cuts of around 3.5 per cent. AT&T said it would file new tariffs with regulators next week.

Last October, the local companies proposed reducing their access fees by $151m based on their forecasts of the growth in long-distance traffic. But the FCC ordered the far steeper cuts, saying the local companies had underestimated the growth. The order was a victory for AT&T which had said the reductions should total $800m.

Most of the regional Bell companies expressed disappointment in the ruling, maintaining that their calculations had been valid. In other tariff decisions, the FCC ordered about $39m reductions in some proposed increases in interstate private line charges.

It is suspending other private line increases for two months while it studies whether higher charges can be justified. Users groups have charged in court that telephone companies have been overcharging for such services.

The FCC will also investigate whether AT&T acted properly in giving large discounts to business customers who leased AT&T lines to create large private networks.

US raps Chile over repression

BY LIONEL BARBER IN WASHINGTON

THE US HAS suspended Chile from a favoured tariff programme because of the Pinochet regime's repression treatment of labour unions and individual workers.

The action will not seriously damage Chile's trade because it only affects about $60m of annual Chilean exports to the US, which amounted to about $800m in 1986.

But Washington's decision marks increasing political pressure on General Augusto Pinochet's regime.

The Reagan administration has been lobbying vigorously, though unsuccessfully, to block a $250m World Bank loan to Chile, citing human rights violations.

The tariff programme – called the Generalised System of Preferences (GSP) – confers duty-free status on about $14bn woorth of imports from 141 developing countries or territories. If these countries persistently violate internationally recognised workers' rights, the US is obliged to exclude them from the system.

Last year, the US suspended Paraguay, Nicaragua, and Romania but gave Chile a year's grace.

The arrest last October of several prominent Chilean labour leaders made continued Chilean participation in GSP unacceptable, a US official said.

Among the Chilean exports affected are those of plywood, copper, fish and assorted fruit and vegetable.

In an effort to remain consistent, the US State Department has stepped up its criticism of Chile's human rights record so as to balance its attacks, on similar grounds, on the left-wing Sandinista regime in Nicaragua.

However, several governments, including that of the UK, were unhappy about Washington's pressure early this month to postpone a decision to approve the $250m World Bank loan, the last phase of a structural adjustment Loan.

Pinochet: Little damage

Bonn bid to close N-loopholes

BY DAVID MARSH IN BONN

THE WEST German government has launched an effort to close loopholes in the country's atomic power industry following discovery of widespread breaches of safety rules in transport of radioactive waste.

The scandal, involving alleged bribery of a large number of atomic power officials concerned with waste handling, looks likely to weaken further already low West German public confidence in the nuclear power business.

The affair is focused on a nuclear transport company based near Frankfurt. It has seriously embarrassed the centre-Right Bonn coalition and has delivered a powerful trump to the country's strong anti-nuclear movement which is calling for closure of atomic power plants for both environmental and economic reasons.

Mr Klaus Toepfer, the Bonn Environment Minister, has bitterly criticised management at the transport company.

Mr Toepfer, who has responsibility for supervising West German atomic safety, has announced that it will be given no further transport licences for radioactive materials pending completion of an inquiry.

Over Christmas, Mr Toepfer called for full investigation of other parts of the country's atomic industry to check compliance with safety procedures.

The episode is the most spectacular of a series of affairs which have dogged West Germany's nuclear fuel services business during the past year or so. It first came to light eight months ago when state attorneys announced investigations into an alleged corruption network at the company.

The scandal deepened in the week before Christmas. This followed revelations that irregularities extended into the emotive area of atomic security.

The company has admitted that more than 1,000 drums of illictly-transported and falsely-labelled radioactive waste are now stocked at various nuclear sites in West Germany. In contrast to their official designations, at least 321 of them contain traces of the highly dangerous elements plutonium and Cobalt-60.

The canisters stem from a Belgian nuclear fuel processing plant, where they were sent by the company as part of normal international transport of radioactive waste.

Additionally, the sums of money involved in the alleged corruption ring, at DM 21 m compared with the DM 5m-DM 6m named in April, are much larger than originally thought.

The funds are alleged to have been paid out, both in cash and through expensive presents, over a number of years to secure illegal business and ensure it was tolerated by atomic inspectors.

According to the state prosecutor, at least 30 atomic officials and executives among a variety of companies and utilities have been involved in the "ring".

Tripoli and Tunis to renew ties

TUNISIA and Libya have decided to restore diplomatic relations broken off over two years ago, the official news agency TAP said yesterday, **Reuter reports from Tunis.**

Tunisia severed ties with its neighbour in September 1985, after Libya expelled over 30,000 Tunisian workers. The government accused Tripoli of fomenting subversion in Tunisia.

TAP said the Tunisian and Libyan governments would issue a statement shortly to announce the decision officially.

Strauss in Moscow

Bavaria's premier Franz-Josef Strauss flew his Cessna aircraft to Moscow yesterday for a visit focusing on economic issues but tinged with speculation he might appeal for the release of the young West German pilot Mathias Rust, **Reuter reports from Moscow.**

A West German embassy spokesman said Mr Strauss had been at the controls when he flew into Moscow but declined to comment on reports that he would appeal to Mr Mikhail Gorbachev for the release of Rust, who landed in Red Square earlier this year.

TV presenter sues

Mr Werner Hoefer, one of West Germany's best-known TV presenters, is suing the magazine that alleged he wrote propaganda for the Nazis and brought about his abrupt resignation last week, **Reuter reports from Cologne.**

Mr Hoefer is reported to be seeking libel damages of at least DM 100,000 (£35,000) from the news magazine Der Spiegel over an article in its December 16 issue.

Polish debt warning

Poland's Finance Minister Mr Bazyli Samojlik accused the World Bank yesterday of a harsh attitude towards Poland, and appealed to other creditors for tolerance in helping to ease Warsaw's debt problems, **Reuter reports from Warsaw.**

Mr Samojlik said servicing its $36bn foreign debt was costing Poland well beyond the resources available from its hard currency exports, and warned that Poland would fall $500m behind in repayments next year.

Belgian coalition bid

Belgium's francophone socialist party leader, Mr Guy Spitaels, said yesterday he would consult union and industry leaders about the formation of a new government after this month's inconclusive general election, **Reuter reports from Brussels.**

Mr Spitaels has been asked to prepare a report on which coalition of parties would have the best chance of forming a stable government.

Spanish ports hit

Spanish ports were paralysed yesterday by a 24-hour strike staged by more than 8,000 Spanish dockworkers protesting at the introduction of new labour contracts, **Reuter reports from Madrid.**

The National Stevedores Association said the strike was in response to an attempt by OTP, the state company which employs Spanish dockworkers, unilaterally to impose new labour contracts in the port of Bilbao.

Dockworkers had been given until December 31 to accept the contracts, the spokesman said.

Disaster ferry still adrift off S Africa

THE HERALD of Free Enterprise, the British ferry involved in the English Channel disaster in March, remained adrift in the Indian Ocean yesterday after breaking loose from a tugboat, **AP reports from Johannesburg.**

The Herald of Free Enterprise and another unoccupied ferry broke loose from a West German tug on Sunday in gale force winds and heavy seas about 40 kilometres off Cape St Francis, near the South African city of Port Elizabeth on the east coast.

The tug was hauling the vessels to a scrapyard in Taiwan.

The South African Broadcasting Corporation reported last night that the ferries were not in imminent danger and that the tugboat crew was waiting for the winds to abate before trying to reconnect the tow lines.

The Herald of Free Enterprise capsized on March 6 off the Belgian port of Zeebrugge, killing 189 people. A British Government inquest held the owners and three crewmen responsible for the deaths.

Serbia Culture Minister quits in regional purge

THE CULTURE Minister of Serbia, Yugoslavia's biggest republic, resigned yesterday and political analysts said he was another casualty of a regional purge that led to the ouster of Serbian President Ivan Stambolic, **Reuter reports from Belgrade.**

The state news agency Tanjug said Mr Branislav Milosevic was "relieved" of his post at his own request at a session of the Serbian parliament.

Mr Milosevic was expelled from the Communist Party on December 18 for defending the outspoken newspaper Student after it insulted the late Yugoslav leader Josip Broz Tito and the Yugoslav secret police last April.

He defended the newspaper in an article published in the Belgrade weekly news magazine NIN in May.

There have been a string of sackings since Serbian Party branch leader Slobodan Milosevic won the upper hand in a power struggle with a group led by Stambolic, who was sacked earlier this month.

Political analysts said Mr Branislav Milosevic had probably found it impossible to work under the dominant faction of Slobodan Milosevic.

The Serbian Party branch has ousted many Stambolic backers and last month forced the resignation of the chief editor of NIN and the sacking of the chief editor of Belgrade television news.

W German libel allegations

ONE OF West Germany's best-known television presenters is suing the magazine that alleged he wrote propaganda for the Nazis and which brought about his abrupt resignation last week, his lawyer said, Reuter reports from Cologne.

Mr Ulrich Wackerhagen, said his client, Mr Werner Hoefer, would be seeking libel damages of at least DM100,000 ($63,000) from the news magazine Der Spiegel over an article in its December 16 issue.

Asylum for opponent of Panama regime

By Joseph Mann in Caracas

VENEZUELA has granted political asylum to Colonel Roberto Diaz Herrera, a leading opponent of Panama's military chief, General Manuel Antonio Noriega. Col Diaz and other opponents of the *current government in Panama* were jailed last July after Diaz accused his country's civilian and military leaders of being involved in corruption, election fraud and political killings.

The Panamanian colonel, who served as head of the Joint Chiefs of Staff of Panama's armed forces, last weekend thanked political leaders in Venezuela, Costa Rica, the Dominican Republic and Peru *for working to obtain his* release.

Venezuela's former president, Carlos Andreas Perez, worked actively in recent weeks to secure the release of the rebel leader.

Joop Den Uyl: Ebullient Dutch socialist dead

MR JOOP DEN UYL, the ebullient Dutch politician who dominated the Netherlands Labour Party for 20 years and was an architect of the Dutch welfare state, has died after a long illness. He was 68.

The former prime minister of the Netherlands had beendiagnosed as incurably ill with cancer in October 1987, having returned suddenly from abroad with head and stomach pains. A pragmatic ideologue who also served twice as a cabinet minister, he saw as his mission the creation of a state that would guarantee social and economic equality for all citizens.

Mr Den Uyl served for most of the past two decades as parliamentary leader of the Labour Party, where he campaigned vigorously against nuclear missile deployment and civilian nuclear power on Dutch soil. He retired from active politics in 1986, having led the socialist banner in general elections for the sixth time and failed to oust the Christian Democrat-Liberal coalition government.

From his deathbed, the grey eminence of Dutch socialism wrote an open letter to political colleagues, urging them to uphold the socialist principles of solidarity and pacifism. He felt that his policies of the 70s had been discredited by the centre-right government and the poignant letter was an attempt to set the record straight.

Beyond the Netherlands, Mr Den Uyl was active in international political circles, serving as presidentof the Confederation of Socialist Parties in the European Community and as vice-president of the Socialist International.

He was prime minister at the helm of a coalition of five left-wing parties in 1973-77, the last time a socialist held the top political post. He is said to have been embittered by the failure to achieve a second term as prime minister despite Labour's record gains in the 1977 election.

In 1965-66 he served as economics minister and in 1981-82 as labour minister.

Educated as an economist, he worked as a journalist before entering politicis in 1949. He was marriedand had seven children.

Mr Den Uyl's animated personality and dishevelled appearance set the style for Dutch politics of the time. The Hague was considered more lively in his day than it is now, with cabinet meetings often lasting all night and Dutch gin flowing freely.

L.R.

Red navy troubled by red tape

By Our Foreign Staff

TOO MUCH red tape, language problems, difficulties in keeping warships supplied overseas and defective equipment are plaguing the Soviet navy, according to some of its senior officers.

Strict centralised control of warships from shore headquarters, including detailed written instructions, are hampering captains who try to exercise their own initiative and judgment, according to Admiral of the Fleet N.I. Smirnov, First Deputy Commander-in-Chief of the Fleet, in a recent interview in Red Star, the Soviet armed forces newspaper.

Apart from officers, all sailors in the Soviet navy are conscripts who, under the state educational system, are supposed to be able to speak Russian by the time they leave school. However, many young sailors drawn from republics of the USSR where Russian is a second language know so little of the language that passing orders and generally operating many warships is a serious problem, it is admitted.

Among officers, promotion for specialists serving ashore is faster than for those on general duties at sea.

Admiral Smirnov said that, too often, warships are suffering defects because new technical equipment is outstripping naval tactics.

Bangemann warns of difficult year ahead

MR Martin Bangemann, the West German Economics Minister, yesterday warned of a *difficult economic year ahead* and called on the US to live up to its "international *responsibility" towards dampening* world economic risks, David Marsh reports from Bonn.

In a sombre New Year message, Mr Bangemann stopped short of advancing any figure for possible 1988 West German growth. But he said that if growth seemed to be falling short of "an appropriate rate," he would propose measures to correct it without resorting to "hectic action."

In the face of the pre-Christmas call from the Organisation for Economic Co-operation and Development for Bonn to do more to boost growth, Mr Bangemann repeated well-worn phrases about the limits to West Germany's possibilities and the need for economic policy continuity.

He said the world economy could not be compared with the situation in 1929 as past mistakes would not be repeated. West Germany needed above all increased investment to reduce unemployment, and this required confidence as a basic condition. *Further deregulatory* measures were also necessary.

***Taking issue with recent* well-publicised criticism of Bonn's policies from industrialists and bankers, Mr Bangemann said: "I say this to the critics of our economic policies, above all some managers of West German companies; confidence cannot be earned through unconsidered burrowing through the box of economic policy tricks. Sterile agitation creates no confidence, and certainly not one *single extra job.*"**

This rebuke is unlikely to stem dissatisfaction with Bonn's economic policies from West German big business. In the latest call for a more aggressive tax-cuts to boost growth, Mr Wilfried Guth, supervisory board chairman of Deutsche Bank, said in an interview yesterday that the Bonn coalition should negotiate with the state (Laender) governments on bringing forward planned 1990 tax cuts to 1989.

Robert Thomson in Peking looks at China's confusion over on-off-on dialogue with Hun Sen

Prince Sihanouk changes his political tune

WHEN in Peking, Prince Norodom Sihanouk is fond of throwing grand parties for journalists and diplomats, and of entertaining guests late into the night with a selection of his favourite songs.

The Prince's political tune often changes on leaving the Chinese capital. In the past week, the Kampuchean resistance leader has changed his mind twice over holding further talks with Hun Sen, premier of the Vietnamese-backed Kampuchean regime, and Peking is partly responsible for his confusion over what next to sing.

After an apparently warm meeting with Hun Sen in Paris earlier this month, the Prince said the two would meet there again in January, but then decided that Hun Sen was a "Vietnamese lackey" and nothing would be gained from further meetings. This week, the Prince wants to "resume my dialogue with Hun Sen at any date which he proposes."

While they will not say so publicly, the Chinese were dismayed by the first meeting, delighted by the Prince's cancellation of later meetings, and confused by his renewed enthusiasm. At a press conference this week, Prince Sihanouk said China had "not given the red light but they have not given the green light either".

The Prince is playing for greater stakes than the country of which he is the former head of state. Kampuchea and the Prince are caught in a complicated tussle involving China, Vietnam and the Soviet Union. China is the principal backer of the Prince's coalition and, in particular, supports the Khmer Rouge, whose former leader, Pol Pot, still has much influence and many friends in Peking.

On the one hand, the Prince needs China's material and vocal support, which he freely concedes. "I owe them everything," the Prince once said, "including the shirt on my back". On the other hand, the elderly Prince is clearly frustrated by the stalemate that is keeping him away from his home and out of real power.

The frustration showed during his last visit to Peking several months ago, when he initially refused to talk to his two partners in the resistance coalition, Khieu Samphan, the Khmer Rouge representative, and Son Sann, the head of the fragmented nationalist forces. Unexpectedly, the Prince declared that he would go his "own way".

A few hours later, after prompting by the Chinese, Prince Sihanouk was sharing a meal with his partners, even though he has referred to Khieu Samphan as a "psychopath" and has not forgiven Pol Pot's forces for slaughtering his family.

But as the Prince needs China, so China needs the Prince. Prince Sihanouk gives the coalition international credibility that it would otherwise lack, particulalrly with the Khmer Rouge as a member. After agreeing to discussions in Peking with the other coalition members, China flattered him with a 21-gun salute in the company of the President, Li Xiannian.

China was locked in conflict with Vietnam and support for the Khmer Rouge when the Vietnamese invaded, as at the time, China had thousands of advisers in Kampuchea attempting to salvage the mess created by Pol Pot. For China, Kampuchea has become a bargaining chip in relations with the Soviet Union, and even though there may be good reasons for an agreement between the Prince and Hun Sen, Peking will disapprove if it senses that it has lost leverage in negotiating with Moscow.

The Chinese cite "three obstacles" to better relations with the Soviet Union: the mass of Soviet troops on the Chinese border, the Soviet invasion of Afghanisatan, and, most important, Soviet support for the Vietnamese occupation of Kampuchea. The Chinese leader, Deng Xiaoping, has agreed to meet the Soviet leader, Mr Mikhail Gorbachev, only if Moscow encourages Vietnam to pull out.

At a press conference here on Wednesday, a Foreign Ministry spokesman said China respects the Prince and will not comment on "what he intends to do or the way he does it". Official Chinese reports of the comments mocked Hun Sen's status with quotation marks around his title, and noted that he is part of "the Kampuchean puppet regime".

In risking Peking's displeasure, Prince Sihanouk is banking on the support of members of the Association of South-East Asian Nations (Asean), though those countries have differing views on the matter. Significantly, the Prince said this week that his most recent change of mind was prompted by Asean disappointment at his previous change of mind, that is, the decision to cancel further talks with Hun Sen.

Prince Sihanouk gestures dramatically during an impromptu press conference in Peking

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EC gives go-ahead to five big joint ventures

BY WILLIAM DAWKINS IN BRUSSELS

FIVE BIG joint ventures and marketing accords have received the go-ahead from European competition authorities on the grounds that they help to spread technology and improve industrial efficiency.

They include a controversial link between ICI of the UK and Enichem of Italy to form the European Community's largest PVC maker, a joint venture between Olivetti of Italy and Canon of Japan, a marketing and distribution accord between the Unipart car components business and Austin Rover, a know-how licensing agreement between the US food group Rich Products and Jus-Rol of the UK, and a joint venture in steam turbines between De Laval of the US and Stork of the Netherlands.

Brussels has the power to block or demand significant changes to industry agreements likely to distort free competition through fixing prices or controlling supply, one of the very few areas where it can act without having to consult member states first. The ICI-Enichem venture, named European Vinyls Corporation, has 23 per cent of the EC market for its product. In most cases, such a proportion would constitute an unhealthy dominance in the eyes of Brussels. However, the Commission gave the deal the green light because it was a "fundamental step towards the rationalisation of an industry suffering from serious structural overcapacity in the whole of the EC." The venture plans to close 300,000 tonnes of production by the end of the year, nmore than half the western European industry's total surplus.

The Olivetti-Canon joint venture, Italy-based OCI, designs and makes copiers, facsimile machines and laser printers, sold independently through the partners' own distribution networks. The deal does hamper free competition in lower and-mid range copiers and facsmiles, but that is outweighed by the transfer of advanced technology to Europe, in markets "where technology is of crucial importance," said the Commission.

Unipart, once part of the Rover Group, distributes Austin Rover parts only to the car group's selected dealers, an arrangement that would normally contravene EC competition rules. However, the Commission felt it should continue because the accord did not restrict either partner's arrangements with third parties and because its main aim was to provide a rational way of distributing parts. The Jus-Rol accord allows the UK comppany to use a Rich Products recipe for frozen yeast, while the turbines deal, the renewal of an existing exemption from competition rules, allows De Laval and Stork to co-operate in design and production.

NZ set to ban insider trading

NEW ZEALAND is likely to outlaw insider trading in 1988 to try to confidence to the flagging share market. Justice Minister Geoffrey Palmer told reporters legislation to ban the practice is likely to be introduced next year, **Reuter reports from Wellington.**

"Our stock markets have been described as the last frontier for those who wish to manipulate the price of securities for their financial gain," Mr Palmer said. "For the long-term confidence of investors this image cannot be allowed to persist. Changes have to be made to ensure the integrity of the market."

Mr Palmer said recommendations by the New Zealand Securities Commission, in a report released yesterday, would form the base of legislation.

Commission chairman Colin Patterson told reporters that, during the recent world-wide share market slump, London and New York markets had fallen about 25 per cent while New Zealand's market had fallen nearly 50 per cent from its peak.

"We must assure the financial sector, the investing public and the world at large that New Zealand is not the last frontier town where we tolerate any market manipulation," he added.

The report recommends the implementation of proposals contained in findings by the Commission in 1982, which were not acted upon by the then National Party government. These recommended substantial shareholdings be reported, and wider reporting of transactions affecting listed shares.

The new report recommends disqualification of sharebrokers and company directors for insider trading, and the right to reimbursement of losses or gains from insider trading.

Mr Palmer said the object of the proposals was to prevent insider trading not to punish it.

The government would also consider looking at enhancing the resources of the Securities Commission. It has one only full-time employee and an annual budget of NZ$700,000 (£246,000).

Athens to modernise stock trading

By our Athens correspondent

THE GREEK Government has issued for discussion the draft of a bill to modernise the Athens stock exchange.

The changes are aimed to strengthen the financial basis of brokerage firms and upgrade exchange-related business practices, in anticipation of a greater volume of business brought by the European Community's unified internal market.

The bill is to be tabled in parliament in the first quarter of 1988

The draft comprises three main changes:

First, it would abolish the requirement that brokerage firms be full liability partnerships and make them either anonymous associations, wherein owners are liable only up to the value of shares owned, or private brokerages. It is expected most firms will opt for anonymous association status, for which a large Dr70m (£295,000) minimum capital is required.

This measure would create brokerage firms with a stronger financial basis, with enough money to hire stock analysts and, for the first time, scope to carry out research on companies, says one well-placed Athens source.

The bill also would create a parallel market of unlisted shares for companies that are new or do not have the required capital.

Third, the bill would transfer control of stock and bond issues from the Commerce Ministry to the Ministry of National Economy.

Japan's current account surplus shows sharp fall

BY IAN RODGER IN TOKYO

JAPAN'S current account surplus tumbled to $5.8bn in November, 12 per cent lower than in October and 29.6 per cent lower than in November 1986.

It was the seventh consecutive month that the surplus fell on a year-on-year basis, reflecting the rapid rise of imports into the country this year. However, the current account surplus in the first 11 months of 1987 was still a record $77.3bn, 12 per cent higher than in the same period of last year.

The trade surplus for the same period was up 7 per cent to $86.4bn. Imports in November rose 48.7 per cent to $11.9bn while exports rose only 12.1 per cent to $18.6bn.

The invisible trade balance posted a surplus of $33m thanks to increased interest payments on US securities owned by Japanese investors.

In October, the invisible deficit hit $1.08bn. The long term capital account was $14.1bn in deficit, higher than the $13.6bn deficit in November 1986.

The outflow of foreign investment in Japanese shares remained high at $8.45bn, compared with a record $12.36bn outflow in October. The overall balance was $5.42bn in deficit, down sharply from October's $14.57bn deficit. On a seasonally adjusted basis, the current account surplus rose to $6.6bn from October's $5.9bn.

Japan's industrial output soared 10.7 per cent in November, according to seasonally adjusted figures published by the Ministry of International Trade and Industry, Ian Rodger reports.

It was the highest year-on-year increase since November 1984 and confirmed the strong underlying growth trend that has become established in the Japanese economy in recent months. The production index of the mining and manufacturing industries remained at 131.9 (base 100 -1980), 10.7 per cent higher than in November 1986, but unchanged from the previous month.

Sandoz scales down damage claim forecast

By John Wicks in Zurich

FINAL claims in connection with damage caused by the Sandoz fire of November 1986, are now only expected to be between SFr 30m (£12m) and SFr 35m.

During the fire, at the Swiss chemical group's Schweizerhalle plant near Basle, large quantities of toxic chemicals were carried into the Rhine.

According to Dr Ulrich Oppikofer, a member of Sandoz' executive committee, total claims "at no point" exceeded SFr 100m and were completely covered by insurance.

Dr Oppikofer said the overall amount had been "considerably reduced" after investigations and negotiations. In addition to the estimated SFr 30 to SFr 35m, Sandoz has made hardship payments.

Norsk Hydro offshoot in Venezuela smelter deal

BY KAREN FOSSLI IN OSLO

HYDRO ALUMINIUM, a division of Norsk Hydro, Norway's largest public-quoted company, is to supply Venezuela's new Alisa aluminium company with NKr 60m (£5.6m)-worth of technology for the two-stage development of an aluminium smelter. The smelter is to have an initial production capacity of 112,000 tonnes ayear.

The contract is the third in a series won by Hydro, bringing the total to more than NKr 350m, to supply Venezuelan aluminium companies with technology to increase and upgrade production capacities.

By 1990, Venezuela will produce some 1m tonnes a year of aluminium. Work will commence to double production capacity at the Alisa smelter once it achieves production of 112,000 tonnes a year.

Hydro won two earlier contracts from Venalum, the Venezuela state aluminum company, which has two smelter works under upgrading. One smelter, located in Quintalina, is to produce some 112,000 tonnes a year.

It is scheduled to come on stream in 1990. Another smelter, which came into production in 1978 at 280,000 tonnes a year, will be outfitted to produce 310,000 tonnes a year. In Norway and the US, Hydro Aluminium produces some 800,000 tonnes of aluminium annually. For the first three quarters of 1987 pre-tax profits reached NKr 892m on a turnover of NKr 8.3bn.

It is estimated that Hydro Aluminium will achieve 1987 pre-tax profits of between NKr 1.2bn and NKr 1.3bn.

Turkey to resume EC-linked tariff cuts

By David Barchard in Ankara

TURKEY yesterday announced it would resume making tariff cuts under its Association Agreement with the European Community.

The tariff reduction programme, agreed in 1972, aims at establishing a customs union between Turkey and the EEC by 1995. However, Turkey has not implemented the programme since 1976.

Resumption of progress towards a customs union is a major step in the reactivation of Turkey's virtually defunct Association Agreement with the Community.

Reviving the agreement is regarded as a necessary precondition for the success of Turkey's application to become a full member of the European Community.

A decree published in yesterday's Official Gazette says Turkey will make two tariff reductions of 10 per cent on the 12-year and 22-year lists of tariff reductions and two other cuts of 5 per cent each due to have been made in 1978 and 1983.

Turkey will also implement 20 per cent harmonisation targets with the Community's tariff lists, originally due in 1977 and 1983.

The customs union programme was one of the first casualties of the country's economic crisis at the end of the 1970s.

Later, Turkey did not resume the tariff cuts, arguing that the spirit of the Association Agreement had been violated by Community quotas on Turkish exports, and also that limited import liberalisation measures since 1980 were in effect the same as those envisaged in the programme.

Resumption should reinject life into the Association Agreement.

Extradition of Gelli delayed

BY WILLIAM DULLFORCE IN GENEVA

THE EXTRADITION to Italy of Licio Gelli, former Grand Master of the P2 Masonic Lodge, was delayed yesterday, when a Geneva court refused to release him from jail until he had completed a two-month prison sentence imposed in 1983.

Gelli, 68, escaped from jail here in 1983 and was a fugitive before surrendering to a Swiss magistrate last September. He is wanted in Italy to face charges in connection with financial and political scandals, including the bankruptcy of Banco Ambrosiano in 1982.

Lawyers for Gelli said they would appeal against yesterday's court decision.

On December 22, another Geneva court sentenced Gelli to a suspended sentence of 16 months for bribing a prison warder. This would have allowed his immediate extradition, had not the court also decided that he had to serve a two-month suspended sentence for using false papers, imposed on him before his escape from jail.

An Italian state commission has charged that, from his base in the P2 lodge, Gelli created a "state within a state", recruiting politicians, bankers, industrialists, journalists and members of the Italian secret services.

The Swiss federal tribunal has authorised Gelli's extradition on two charges only. One concerns Banco Ambrosiano, the other fraud alleged to have uncovered during the investigation into the P2 lodge.

Malaysian tycoon charged

BY WONG SULONG IN KUALA LUMPUR

MR TAN KOON Swan, the Malaysian businessman and politician released last Saturday after serving a two-year jail term in Singapore for stock market manipulation, was charged yesterday in Kuala Lumpur Sessions Court with abetment in criminal breach of trust of Ringgit 23m (£5.2m).

No plea was recorded as Mr. Tan said he needed time to consider the charge, which carries a maximum jail term of 20 years. If he decides to plead not guilty, a hearing will be set for September. Bail of Ringgit 1m was allowed.

The Ringgit 23m was alleged to have been taken from Multi-Purpose Holdings, a Malaysian listed company, of which Mr Tan was managing director. It was said to have been used to try to save Pan-Electric Industries, the Singapore marine engineering and salvage company which collapsed in late 1985.

The Pan-Electric crisis caused an unprecedented three-day closure of the Singapore and Malaysian stock markets and led to Mr Tan's arrest.

When he went to Singapore to face the charges, he was sent off by large crowds of supporters from the Malaysian Chinese Association (MCA), the largest Chinese party in Malaysia, of which he was then president. But when he appeared in Kuala Lumpur Sessions Court yesterday, there were few supporters present.

Mr Tan is noted for his corporate flair. He bought a dying British tin mining company in the 1970s, and turned it into a major corporation. He was also instrumental in building up Genting Berhad, the company which operates casinos in Malaysia, Australia and the Bahamas.

Yesterday, his three listed companies - Grand United Holdings, Supreme Corporation and Everpeace Corporation - remained suspended on the Kuala Lumpur stock exchange.

French in NZ cable deal

THE FRENCH company Submarcom has won the contract to lay a NZ$200m (£66m) submarine telecommunications cable between New Zealand and Australia, **Dai Hayward reports from Wellington.**

The contract is for Telecom Corporation in New Zealand and Australia. NZ Telecom Corp and Australia's Overseas Telecommunications Commission are equal partners in the project, to be finished by the end of 1991.

Standard Telephone and Cable (NZ) will be a sub-contractor.

WORLD ECONOMIC INDICATORS

INDUSTRIAL PRODUCTION (1980 = 100)

					% change over previous year
	Nov.'87	Oct.'87	Sept.'87	Nov.'86	
US	122.0	121.5	120.5	115.7	+5.4
	Oct.'87	Sept.'87	Aug.'87	Oct.'86	
UK	115.4	114.4	115.2	111.2	+3.8
W. Germany	106.3	105.3	107.7	105.5	+0.8
	Sept.'87	Aug.'87	July '87	Sept.'86	
Italy	100.7	98.1	101.7	98.2	+2.5
Netherlands	104.6	105.9	108.0	108.1	-3.2
France	104.2	102.5	104.3	102.8	+1.4
Japan	129.1	125.2	126.6	122.6	+5.3

Source: (except US) Eurostat

Union official's attack on Kinnock dismissed

BY TOM LYNCH

A WEEKEND attack on Mr Neil Kinnock by a senior figure in the GMB general union was quickly dismissed by MPs and Mr John Edmonds, the union's general secretary.

Its main national officer, Mr David Warburton, accused the Labour leader of lethargy and of basking in the satisfaction of a new image.

Mr Edmonds disowned the attack and emphasised support for Mr Kinnock's leadership. MPs pointed to Mr Kinnock's energetic parliamentary campaign on the National Health Service.

Ms Harriet Harman, one of the party's MPs tasked with health policy, yesterday issued figures which it is claimed prove that waiting lists for urgent hospital treatment in Greater London have grown by a third in the past two years.

Mr Warburton's attack was in Forward Labour, a newsletter backed by the party's centre and right.

He said: "Basking in the satisfaction of a new image seems to have bored the leadership. Since the general election, Neil Kinnock has made no major speech. He has taken no initiatives on a whole range of targets.

"The distance between the leadership and the rest of the movement is at best rather sad, even surprising. At worst it is demoralising."

Mr Kinnock's supporters say a big speaking tour would not be the best use of his time while the party is in the throes of overhauling policy.

They also say his high-profile Question Time onslaught on the Government's handling of the NHS was effective.

Mr Barry Jones, MP for Alyn and Deeside, yesterday called the attack unjust and unreasonable. He said: "It would be a pity if impatient trade unionists rocked the boat and wrecked the coherent and carefully laid plans for recovery."

Mr Norman Hogg, MP for Cumbernauld and Kilsyth, said: "Mr Warburton would be better employed in contributing to our policy review, instead of indulging in ignorant and ill-judged attacks which hinder, rather than help, the party."

Ms Harman, signalling Labour's continuing onslaught on the Government over the NHS, challenged London's Tory backbenchers to "stand up for their constituents and defend the Health Service."

● Mr Bryan Gould, shadow Trade and Industry Secretary, said in a New Year message to his constituents that 1988 would be a year of opportunity for Labour.

He said: "The stock-market crash showed that corner-shop economics had had its day, that markets could not be trusted to provide the right answers or even answers that made sense, and that governments have a duty to intervene to provide full employment and social justice."

Tory MPs uneasy over home loan move

By Tom Lynch

SIGNS OF Tory backbench unease have emerged over plans to cushion mortgage costs for nurses in London amid speculation that the Government is considering extending the idea to teachers and other essential workers in expensive housing areas.

Mrs Teresa Gorman, MP for Billericay, yesterday gave a warning that the proposal would push house prices up and "distort human behaviour" by intensifying the tax advantage of cohabitation over than marriage. Instead, she urged abolition of the Rent Acts to expand the private rental sector.

Mr Tony Newton, Health Minister, announced this month that nurses and other NHS workers would be eligible for mortgages of up to 100 per cent from the Nationwide Anglia Building Society at two thirds of the prevailing interest rate. In return, the society would take half the profit on the sale of the house.

The scheme was prompted by concern over the effect of the capital's soaring house prices on the supply of skilled labour for the NHS. Social services departments and schools have also been concerned over difficulties in recruiting from outside London.

Department of Employment figures show a drift out of the capital by the lower-paid, making worse both the city's difficulties and unemployment elsewhere.

The minister's announcement has prompted speculation that ministers might consider offering incentives to other building societies to set up similar schemes for essential skilled and professional workers in the south-east.

However, Mrs Gorman said she would take up the health workers' scheme with Mr William Waldegrave, the Housing Minister. "Cheaper mortgages for certain categories would be an absolute disaster. If you subsidise something you only drive up the price by creating the special categories. All that will do is to fuel housing prices in the south-east."

She said nearly a quarter of all babies were born to parents who chose to live together rather than halve their joint potential eligibility for mortgage tax relief by getting married.

To give additional help in the present framework of relief would increase the tax disadvantage of marriage.

Ministers plan to boost inner city investment

By Tom Lynch

PLANS FOR a nationwide tour of ministers to promote private investment in the inner cities will be announced by the Government early in the new year.

Mr Kenneth Clarke, Chancellor of the Duchy of Lancaster, who was this month appointed as the minister in charge of regenerating inner cities, is planning a series of meetings with local councils, businesses and potential investors.

Details have still to be finalised, but it is expected that Mr Clarke, who is the senior Trade and Industry Department minister in the Commons, will focus on what the Government considers success stories – such as the London Docklands Development Corporation – its plans and private investment opportunities.

The tour will be the first move giving a high profile to the Government's aim, highlighted by Mrs Thatcher at the moment of her June election victory, to revive the inner cities.

Mr Clarke's inner-city remit extends across several departments, and he will be assisted on the tour by Mr John Cope, Employment Minister of State, and Mr David Trippier, junior Environment Minister.

Ex-MI6 officer quizzed over book of memoirs

BY TOM LYNCH

THE GOVERNMENT has asked Mr Anthony Cavendish, the former MI6 officer who sent 500 people a copy of his privately published memoirs as Christmas presents, to explain his actions, but it is thought unlikely that he will be prosecuted.

Mr Cavendish has been asked about the contents of his book, Inside Intelligence, his decision to publish it at his own expense and how widely it was circulated. The Government has justified its determined pursuit of Mr Peter Wright, author of the book Spycatcher about his career in MI5, on the argument that secret service officers owe a lifelong duty of confidentiality to the Crown.

No decision on whether to proceed against Mr Cavendish is likely until his reply has been considered, but it was suggested yesterday that prosecution was unlikely.

Mr Cavendish described his 160-page book as a defence of the late Sir Maurice Oldfield, a former MI6 director general who later became head of security in Northern Ireland. Mr Cavendish, 60, who left MI6 in 1953 after a row with his superiors, said there had been a "smear campaign" over Sir Maurice's alleged homosexual activities.

Mrs Margaret Thatcher, the Prime Minister, said in a statement to the Commons last April that Sir Maurice, who died in 1981, had admitted engaging in homosexual activities, but there was no evidence or reason to suggest that security had ever been compromised.

Mr Cavendish said Sir Maurice had been "guilty of certain peccadilloes," but it was "disgusting and ludicrous" to suggest he had paid young male prostitutes while in Ulster.

"I believe very strongly that this smear of Oldfield has been deliberately generated. I cannot understand why the Government, or perhaps we should say the head of the Government, has made such an innocuous reply about the matter in parliament."

Mr Tam Dalyell, the Labour MP for Linlithgow who was one of the recipients of the book, said yesterday: "I believe this book is superbly written, moving and a justified defence of his old friend. I believe Tony Cavendish is wholly patriotic and right in his action."

Mr Robert Adley, Conservative MP for Christchurch, has written to Sir Patrick Mayhew, the Attorney General, dismissing the book as a "homily."

Raymond Snoddy on Europe's steps towards high-definition TV

Tuning in to a clearer picture

THE GOVERNMENT has decided to help to fund one of Europe's most ambitious television productions in an attempt to catch up with the Japanese and create an alternative European standard for high-definition television pictures.

The grant of £2.5m announced this month by Mr Kenneth Clarke, Trade and Industry Minister, could easily be absorbed in a production of a spy thriller with a few exotic locations and comes at a critical moment in a tense technological, commercial and political battle over the shape and sharpness of the television picture of the future.

The grant is designed to help the BBC and the Independent Broadcasting Authority to mount the first important demonstration of the European contender for a world high-definition standard, the Eureka transmission and HD-MAC reception system.

The demonstration, which will be at the International Broadcasting Convention in Brighton next September, is a key step on the way to a specially convened meeting of the International Radio Consultative Committee, the international standards body, scheduled for Brussels in the spring of 1989, which will review the whole HDTV issue in advance of the 1990 CCIR plenary.

Mr Ron Bedford, head of broadcasting services at the Department of Trade and Industry and a leading member of the UK delegation to CCIR, said: "It's very important that the Europeans get their act together and are able to demonstrate in Brussels something that will stand up to investigation."

Two years ago it looked at if the race was already over. The Japanese, supported by the Americans, proposed that the single world production standard for HDTV should be based on 1,125 lines, roughly double the present number, and 60 hertz (cycles a second).

Studio equipment based on the standard has already been manufactured and excellent quality pictures can be shown on special monitors, although research work on transmission is still in progress and production of domestic receivers is some time off.

The Europeans, amid growing fears that the television receiver of the 1990s and beyond will be dominated by the Japanese, managed to block an immediate acceptance of the 1,125 standard at the CCIR plenary session at Dubrovnik in 1986.

At the time, they had little to offer to put in its place except a conviction that, unlike the Japanese system, there should be an evolutionary approach to high definition that would not render all existing broadcasting equipment, including television sets, obsolete. The opponents of the Japanese standard also argued that 75 per cent of the world used a 50 hz rather than a 60 hz system.

Since the 1986 CCIR plenary, nearly 30 European companies, broadcasting organisations and universities have been working on 10 complementary high-definition projects under the auspices of the Eureka research programme. They have been looking at everything from the basics of sound and vision through production and transmission to reception and recording.

The overall project is being led by Bosch of West Germany, Philips of the Netherlands, Thomson of France and Thorn EMI (the television business of which is now part of Thomson).

Mr Herman Wessels, a Philips executive who is secretary of the HDTV project directorate, believes the work is going well. "For the first time we are acting at the really European level to develop these specifications," he said.

The Eureka project is working towards a standard based on 1,250 lines, 50 hz and a new wide picture with a ratio of 16 across and 9 down compared with the present 4 by 3 ratio of existing sets.

The move towards a new European standard is drawing heavily on research by the IBA on the D-MAC standard for direct broadcasting by satellite combined with BBC research on digitally assisted television which uses a separate control channel to carry information to improve the quality of particular aspects of the picture.

The key to the evolutionary HD-MAC plans is that they would be compatible with existing 625-line television sets.

Mr John Forrest, director of engineering at the IBA, believes HD-MAC "makes the best use of what we have got in a way that doesn't make all existing sets obsolete."

The move to full high-definition sets with wide screens can happen in a series of steps when the consumer is ready to pay. Support for the evolutionary approach to high-definition television is also coming from the US, which in the past has supported the Japanese standard.

In October NBC, the US television network, together with the RCA division of General Electric and the David Sarnoff Research Centre, announced an advanced television system which, like HD-MAC, would be compatible with existing television sets.

Mr Forrest said: "I think the Japanese now have bigger difficulties than we do."

As the work goes ahead to try to have HD-MAC rather than the Japanese standard accepted as the single world standard, the DTI believes the reality is likely to be the emergence of incompatible international standards for high-definition television, similiar to the lack of agreement over colour television, where there are three different standards.

Credit cards boost sales season's impressive start

BY TERRY BYLAND

ANY REMAINING doubts about UK consumer spending levels this festive season were swept aside yesterday when London's West End was thronged with potential customers from early morning as the post-Christmas sales opened at the big stores.

"This looks like one of the most successful sales Oxford Street has seen for a long time," was the comment from Debenhams, which saw 6,000 people swarm through its revolving doors within 30 minutes of opening and remained "extremely busy" throughout the day. Oxford Street and Regent Street, which make up the heart of London's fashion retail sector, were jammed with shoppers.

Outside London, the sales season made an equally impressive start. In Birmingham, the city's shopping centre had to be sealed off to private traffic for nearly two hours.

Several store groups claimed to be heading for record turnover figures for the first day of sales. Liberty's said the group's two stores in Scotland, which started their sales on Saturday, had reported a 30 per cent jump in turnover compared with the same day last year.

Buyers were digging deep into their credit cards to pay for bargains. According to Mr Tim Daniels, managing director of Selfridges, credit-card business increased yesterday from its 50 per cent share of pre-Christmas trading.

The Great British Public, perhaps bored after three days of turkey and television, responded enthusiastically to musical treats from the Brick Memorial High School Mustang Band from the US, and from Dave Harvey's traditional jazz band for the home side, hired respectively by Liberty's and Selfridges in London.

At Debenhams, Mr Struan Kerr of Dumfries, who had camped for nine days on the pavement outside the Oxford Street store to raise money for the BBC Children in Need Appeal, purchased for £10 a television set reduced from £299.95. He promptly announced that he would be auctioning the set and giving the proceeds to the fund.

Special body expected to police commercial radio

BY RAYMOND SNODDY

THE GOVERNMENT is expected to announce next month that the planned expansion of commercial radio in the UK will be regulated by a new radio authority rather than by the Independent Broadcasting Authority.

A green paper on the future of radio published this year suggested three possible regulatory bodies for an expansion that might mean up to three new national commercial stations and as many as 500 smaller local and community stations.

The options suggested were the IBA, which set up and administered the present chain of 47 independent local radio stations; the Cable Authority, the body set up to regulate the cable television industry with "a light touch"; and a completely new radio authority.

The Government has decided, it is believed, to go for a completely new authority to take on the regulation of all commercial radio, with the IBA in future concentrating on both terrestrial and satellite television.

A broadcasting bill - the first of two planned by the Government - will be introduced next autumn to implement the main recommendations of the radio green paper. The bill is also expected to create the new Broadcasting Standards Council announced by Mr Douglas Hurd, Home Secretary, at this year's Conservative Party Conference. This council is designed to handle complaints about television and radio.

The radio legislation will for the first time create two obviously different kinds of radio in the UK. The commercial sector will be lightly regulated with minimum obligations apart from matters of taste, decency and political impartiality. It will be the responsibility of the BBC to continue providing public-service broadcasting to inform and educate as well as entertain.

Creation of a new radio authority will almost certainly mean job losses at the IBA, although one possibility is that the IBA could provide specialist services such as frequency management to the new authority on a commercial basis.

Jaguar car sales ahead 16% but below forecast

BY NICK GARNETT

PRODUCTION AT Jaguar Cars rose 16 per cent this year but was more than 2,000 cars fewer than the company had forecast six months ago.

The company made 47,020 cars against 41,437 in 1986, which met its target set at the beginning of the year. However, the target was raised in June to over 49,000 units.

Jaguar yesterday blamed the failure to meet expected output on production difficulties, particularly those associated with the switch from the Series Three XJ6 saloon to the new XJ40. That created some shop-floor bottlenecks, especially at the main Browns Lane site in Coventry.

The company, which aims to produce 56,000 cars in 1988, is still suffering from some bottlenecks. It is introducing a night shift early in the new year at its Castle Bromwich paint factory to speed output there.

Jaguar last year made pre-tax profits of £120.8m on turnover of £830.4m compared with 1985 profits of £121.3m on turnover of £746.5m. Turnover this year is likely to be close to £1bn, but analysts expect profits of around £90m. The forecast profit fall stems partly from currency fluctuations.

Jaguar output has risen steadily since the low point of 1981 and 1982, in each of which years the company produced just 14,000 units.

This year Jaguar produced 32,864 XJ40s, 3,509 of the now discontinued XJ6s, 9,826 of the two-door XJS, 1,645 of the 12-cylinder Daimlers and 176 Daimler limousines.

Jaguar said demand had held up well in all markets and the company was expecting good US sales figures. Over three quarters of production was exported this year, although UK sales rose to 11,000 from 7,500 last year.

Motorway law changes under consideration

THE GOVERNMENT is considering changing the law to make car owners liable for motorway offences committed by people using their cars with their consent.

Mr Peter Bottomley, junior transport minister, said on BBC Radio Four yesterday that the police were experimenting with photographic and video evidence of motorway offences.

"The problem is that you have to get hold of a motorist immediately after he has offended," he said. Owner liability already applied to parking offences, Mr Bottomley said, adding: "The Government is going to have to consider whether owner liability can be used for moving traffic."

Mr Bottomley has been tasked by Mr Paul Channon, Transport Secretary, with carrying out a three-month review of motorway safety.

Measures being considered are compulsory speed limits at roadworks, extra road signs, more service areas, fog sensors, better driver training and increased use of penalties for repair contractors whose work exceeds the agreed time.

Tour sales war hots up

BY LUCY KELLAWAY

TWO LARGE package-holiday companies joined the sales battle at the weekend by announcing price cuts for next summer's holidays in an attempt to stimulate demand.

Horizon said it was reducing prices on 500,000 holidays by up to £89, while Thomas Cook announced discounts of between £10 and £50 on 3m holidays.

That follows last week's price reductions from the other leading groups, including Thomson Holidays and Intasun, and from travel agents such as Pickfords Travel.

The industry has been faced with slack demand over the past two months. According to some industry estimates, bookings for next summer are as much as 10 per cent lower in volume terms than at this time last year.

● British Caledonian said yesterday it had been awarded a £4m contract to operate the first Airbus A320 charter flights by Redwing Holidays, the tour operator owned by Sunmed and British Airways.

Advertising threat to horse race betting

By Clive Wolman

THE HOME OFFICE has threatened to ban all betting advertising outside the specialist racing press in negotiations over a new advertising code with the largest four bookmaking groups.

The proposals are being interpreted as a reassertion by the Home Office of its rights to regulate and restrict the forms of competition in the betting industry in the face of a preliminary inquiry by the Office of Fair Trading.

For the past year the OFT has been considering whether to subject the largest four bookmaking businesses, Ladbroke, William Hill, Mecca and Coral, to an investigation by the Monopolies and Mergers Commission on the grounds that they have been operating a cartel against the public interest.

A decision by Sir Gordon Borrie, Director General of Fair Trading, on whether to initiate a MMC investigation is expected within the next few weeks.

The OFT began its inquiry in response to complaints that the "Big Four" were using the newly-launched live television coverage of horse and greyhound races provided in betting shops to stifle competition.

The four have a 45 per cent stake in the Satellite Information Services consortium which provides pictures for the television service.

However, the OFT has subsequently widened the inquiry into other areas of competition, including those affected by the regulations drawn up by the Home Office under the betting and gaming acts.

In the autumn, the Home Office had meetings with representatives of the Big Four to express its concern about the volume and style of their advertising in the national press and to ask for a voluntary agreement to ban all advertising except in the specialist racing press. The meetings ended in disagreement.

Non-specialist national press advertising expenditure over the last year is reckoned to have been about £3m.

Power clash splits news chiefs at BBC

BY RAYMOND SNODDY

THE BBC is facing major internal dissent over the increasingly stormy relationship between the powerful news and current affairs directorate and the management of BBC television.

The immediate cause of tension is over who should have the last word in scheduling news and current affairs programmes – Mr John Birt, a deputy director general who heads the news and current affairs directorate, or Mr Bill Cotton, managing director of network television, and his two newly-appointed channel controllers, Mr Jonathan Powell and Mr Alan Yentob.

The row over scheduling, however, is being seen as only the symptom of a much deeper problem caused by the ambiguous nature of Mr Birt's role as both deputy director general and director of news and current affairs.

BBC executives, who do not wish to be identified, believe that increasingly Mr Birt is operating as de facto editor-in-chief of the corporation on a day-to-day basis, with Mr Michael Checkland, the director general, who combines the titles of editor-in-chief and chief executive, concentrating on the chief executive's role.

Some television executives fear that news and current affairs, with the support of Mr Marmaduke Hussey, the BBC chairman, is now being seen as the core activity of the BBC and that areas such as light entertainment and drama could suffer with a resulting decline in ratings.

Tension between the two sides in recent weeks have become so serious that:

- Mr Checkland ordered a cooling-off period over Christmas and New Year in a dispute over the scheduling of Newsnight, the late night news and current affairs programme.
- Earlier this month at a meeting in his sixth floor Television Centre office with the director general, Mr Cotton rejected a suggestion that Mr Birt should join them.
- Mr Powell came close to blows with Mr Ron Neil, deputy director of news and current affairs, after Mr Neil extended a news bulletin without consulting the BBC 1 controller as is the normal BBC practice.
- Mr Michael Grade, managing director designate of network television decided to leave the BBC for the chief executive's job at Channel 4. It is probable that Mr Birt's insistence on being a member of the board which appointed the new channel controllers was a factor in Mr Grade's decision to go to Channel 4.

After Mr Grade's departure Mr Checkland, whose background is in management accountancy rather than programme making, told senior staff that scheduling was in the hands of the managing director television and his two channel controllers.

But the news and current affairs directorate now wants the starting time of Newsnight to be fixed at 10.30 pm.

This would make it impossible to maintain the important 9 o'clock junction when BBC 2 offers complementary programming such as a film as an alternative to the Nine O'Clock News on BBC 1.

Mr John Morrison, the newly-appointed editor of Newsnight, says the fixed start for his programme has already been agreed from next autumn and he regards this as a great coup.

In fact the change is being adamantly opposed by television centre executives and is still under consideration.

Against such an unsettled background the BBC is likely to face difficulties in attracting any of the heavyweights of British broadcasting to take on the diminished role of managing director of network television, which no longer includes responsibility for either news and current affairs or regional television.

There is now a widespread fear that the departure of Mr Grade, combined with Mr Birt's brand of news and current affairs, with an emphasis on explanation and specialist reporting teams, will push down BBC ratings to the 40-45 per cent level from its present 47-48 per cent of the total television audience.

Few within the BBC contest the wisdom of uniting news and current affairs under a central editorial control. The main criticism concentrates on whether the resulting directorate may be so powerful that it unbalances the output of the Corporation.

Some believe that the struggles over apparently inconsequential matters, such as scheduling, represents two different philosophies of broadcasting and who should control the BBC.

Anti-strike teachers expelled by union

By David Brindle

MORE THAN 500 members of the NASUWT teachers' union have been expelled because of their failure to join strikes during the protracted schools pay dispute over the past 18 months.

At least as many more are said to have resigned from the union over the past year in anticipation of being expelled.

The news that over 1,000 teachers have been thrown out of the NASUWT, or left before expulsion, will strengthen the Government's case for measures to prevent unions disciplining members who choose not to take industrial action.

Although such measures are contained in the Employment Bill, the Government has seemed short of evidence to back what has become a highly controversial move.

Ministers recently lost no time in exploiting the disclosure that the National Communications Union had expelled 1,000 members, and could expel a further 1,300, in the wake of the British Telecom pay dispute earlier this year.

The NASUWT's rules provide for no penalty other than expulsion for members found to have flouted an instruction to strike or take lesser action. Extenuating circumstances are taken into account, however, and there is an appeals mechanism.

FINANCIAL DIARY

Continued from Page 24

Rockware 6½% Prf. 2.275p
Romney Trust 4½% Cnv. Un. Ln. 1973/98 2¼pc.
Ropner 3p
Do. A (N/Vtg) 3p
Do 11½% Cum. Prf. 5.75p
Rotork 9½% Cum. Prf. 4.75p
Rowntree 6% 1st. Cum. Prf. 2.1p
Do. 7% 2nd. Cum. Prf. 2.45p
Do. 7½% 3rd. Cum. Prf. 2.625p
Royal Bank of Scotland 5½% Cum. prf. 1.925p
Do. 11% Cum. Prf. 3.85p
Ruberoid 10½% Un. Ln. 1990/95 5¼pc.
Rugby Group 7¼% Un. Ln. 1993/98 3⅝pc.
Do. 6% Un. Ln. 1993/98 3pc.
St. Andrew Tst. 5¼% Cum. Prf. 1.8375p
St. Catherine's College Cambridge 7% 1st. Mtg. Deb. 1990/95 3½pc.
Salinas Y Rocha Fltg. Rate Nts. 1988 $207.64
Save & Prosper Return of Assets Inv. 1.82p
Savoy Hotel 4% 1st. Mtg. Perp. Deb. 2pc.
Do. 8¾% Mtg. Deb. 1991/96 4⅜pc.
Savoy Theatre 4% Mtg. Deb. 2pc.
Schroders 8¾% Un. Ln. 1997/2002 4⅜pc.
Scottish Eastern Inv. Tst. 4½% Cum. Prf. 1.575p
Scottish Mortgage & Trust 6-12% Stepped Int. Deb. 2026 3.5pc.
Sears Eng. 6% Cum. Prf. 2.1p
Ship Mortgage Finance 8% Red. Deb. 1991/93 4pc.
Shipstone (James) 4% Irrd. 1st. Mtg. Deb. 2pc.
Shrewsbury & Wem Brewery 4% Irrd. 1st. Mtg. Deb. 2pc.
Simon Eng. 9¼% Deb. 1992/97 4⅝pc.
Sirdar 7½% Cum. Prf. 2.625p
Slough Estates 8% Cnv. Un. Ln. 1991/94 4pc.
Do. 12¾% Un. Ln. 2009 6⅜pc.
Do. 11.25% 1st. Mtg. Deb. 2019 5.625pc.
Smurfit (Jefferson) Group 1.23728p
Do. 6% Cum. Prf. 1.95p
Do. 10½% Un. Ln. 1975/85 5¼pc.
Spirax-Sarco Eng. 7¼% Deb. 1986/91 3⅝pc.
Stead & Simpson 4½% Deb. 2¼pc.
Steetley 6¾% Deb. 1985/90 3⅜pc.
Sunderland & South Shields Water 3½% Perp. Deb. 1¾pc.
Do. 7% Red. Deb. 1986/88 3½pc.
Do. 7½% Red. Deb. 1991/93 3¾pc.
Do. 7¾% Red. Deb. 1992/94 3⅞pc.
Do. 10% Red. Deb. 1992/94 5pc.
Do. 11½% Red. Deb. 2005 5¾pc.
Do. 11.8% Red. Deb. 1995/97 5.9pc.
Sunderland Corp. 3% Founded Debt Anns. 1½pc.
Do. 4½% Founded Debt Anns. 2¼pc.
Sunleigh Electronics 0.1875p
Sutcliffe, Speakman 9½% Red. Cum. Prf. 4.75p
Sutton District Water 3¼% Deb. 1⅝pc.
Do. 5% Deb. 2½pc.
Do. 7½% Red. Deb. 1991/93 3¾pc.
Swire (John) 6.3% Cum. Prf. 3.15p
T & N 8% Mtg. Deb. 1987/92 4pc.
Do. 10.1% Mtg. Deb. 1990/95 5.05pc.
Do. 11¾% Mtg. Deb. 1995/2000 5⅞pc.
TI Group 5.8% Un. Ln. 1989/94 2.9pc.
Do. 7.7% Un. Ln. 1989/94 3.85pc.
Do. 9% Un. Ln. 1989/94 4.5pc.
TR City of London 11¼% Deb. 2014 5⅝pc.
TR Energy 8% Cnv. Un. Ln. 1997/2001 4pc.
Tarmac 7¼% Mtg. Deb. 1985/90 3⅝pc.
Tate & Lyle 7¼% Un. Ln. 1985/90 3⅝pc.
Taylor Woodrow 7¼% Un. Ln. 1987/90 3⅝pc.
Tees & Hartlepool Port Authority 3¼% Red. Deb. 1990 1⅝pc.
Do. 5¼% Red. Deb. 1994/99 2⅝pc.
Tendring Hundred Water 4% Deb. 2p
Tenneco 10% Stg/$ Cnv. Un. Ln. 1991/95 5pc.
Thomson Org. 21.7% Cum. Prf. 2.7125p
Do. 7¼% Un. Ln. 1987/92 3⅝pc.
THORN EMI 7% Cnv. Red. 2nd. Cum. Prf. 1992/99 3.5p
Throgmorton Tst. 7¼% Deb. 84/89 3.625pc.
Throgmorton USM Tst. 5½% Cnv. Red. Prf. 2.75p
Tie Rack 0.365p
Tilley Int. 8.4% Red. Prf. 4.2p
Time Prods. 7% Deb. 85/90 3.5pc.
Tomkins (F.H.) 5.6% Cum. Cnv. Red. Prf. 2.8p
Tootal Group 7¼% Deb. 1985/90 3⅝pc.
Do. 6¾% Deb. 1985/90 3⅜pc.
Do. 4½pc. Perp. Deb. 2¼pc.
Town & City Properties 6% 1st. Mtg. Deb. 1988/93 3pc.
Trafalgar House 7¼% Prf. 2.5375p
Do. 7% Un. Deb. 3.5pc.
Do. 10¼% Un. Ln. 5.125pc.
Trafford Park Estates 7¾% 1st. Mtg. Deb. 1990/95 3⅞pc.
Do. 9% 1st. Mtg. Deb. 1991/96 4½pc.
Trans-Natal Coal 13.25% Un. Deb. 1987/91 (R2.05) 6.625pc.
Do. 13.25% Un. Deb. 1987/91 (R4.1) 6.625pc.
Transport Development Group 4.2% Cum. Prf. 2.1p
Do. 8¼% Un. Ln. 1993/98 4⅛pc.
Do. 7% Un. Ln. 1982/87 3½pc.
Do. 6¾% Un. Ln. 1989/94 3⅜pc.
Tribune Inv. Tst. 9⅛% Deb. 2012 3.5793pc.
Turriff Corp. 5½% Cum. Prf. 1.925p
Do. 6¾% Un. Ln. 1983/88 3⅜pc.
Tyne Plywood 5½% Red. Cum. Prf. 0.97041p
UTC Group 3p
Unicorn Inds. 10% Un. Ln. 1989/94 5pc.
Do. 8½% Un. Ln. 2000/05 4¼pc.
Unigate 5¾% Deb. 1983/88 2⅞pc.
Do. 7¾% Deb. 1986/91 3⅞pc.
Do. 6½% Un. Ln. 1992/97 3¼pc.
Unilever 5¼% Un. Ln. 1991/2006 2⅝pc.
Do. 5⅛% Un. Ln. 1991/2006 2⁹⁄₁₆pc.
Do. 7¾% Un. Ln. 1991/2006 3⅞pc.
Do. 8% Un. Ln. 1991/2006 4pc.
Do. 8¾% Un. Ln. 1991/2006 4⅜pc.
United Gas Inds. 7% Deb. 1993/97 3½pc.
United Kingdom Property 8½% Un. Ln. 2000/05 4¼pc.
Usher-Walker 5% Cum. Prf. 1.75p
Value & Income Trust 6¼% Cum. Cnv. Red. Prf. 3.125p
Do. New 6¼% Cum. Cnv. Red. Prf. 2.226p
Vantona Viyella 4.2% Deb. 1984/89 2.1pc.
Do. 7% Deb. 1984/89 3½pc.
Do. 7.5% Deb. 1984/89 3.75pc.
Do. 8.4% Deb. 1989/94 4.2pc.
Do. 6.25% Un. Ln. 1991/96 3.125pc.
Do. 7.75% Un. Ln. 1987/92 3.875pc.
Do. 8.1% Un. Ln. 1997/2002 4.05pc.
Waddington (John) 6% Cum. Prf. 2.1p
Do. 8% Cum. Prf. 2.8p
Walker & Staff 9% Un. Ln. 1988 4½pc.
Warne, Wright & Rowland 8½% Deb. 1987/92 4¼pc.
Waterford Glass Group 11¼% Un. Ln. 1976/95 5⅝pc.
Weir Group 6½% Deb. 1985/90 3¼pc.
Do. 10% Deb. 1989/94 5pc.
Wells fargo & Co. Fltg. Rate Sub. Nts. 1992 $60.6
Western Deep Levels 12% Un. Debs. 1986/93 6pc.
Western Dooars Tea Hldgs. 6% Cum. Prf. 2.1p
Westland Grp. 7½% Cnv. Prf. 3.75p
Wilson (Connolly) 8% Cum. Prf. 2.8p
Do. 10½% Cum. 2nd. Prf. 5.25p
Williams Hldgs. 5¾% Cum. Cnv. Red. Prf. 2.625p
Wimpey (George) 2p
Whirlpool Corpn. 27.5cts.
Whitworth & Mitchell 7½% Un. Ln. 1994/99 3¾pc.
Widney 7% Cum. Prf. 2.45p
Williamson Tea Hldgs. 6% Cum. Prf. 2.1p
Wolv. & Dudley Breweries 6% Prf. 2.1p
ood (Arthur) & Son 7½% Cum. Prf. 2.625p
York Water 5% Deb. 2½pc.
Do. 7% Red. Deb. 1986/88 3½pc.
Yorkshire Chemicals 5% Cum. Prf. 1.75p

FRIDAY JANUARY 1

DIVIDEND & INTEREST PAYMENTS-

APV 7½% Mtg. Deb. 86/91 3.75pc.
Do. 10% Mtg. Deb. 90/95 5pc.
Agricultural Mort. 5% Deb. 59/89 2.5pc.
Anglo Nordic Hldgs. 11.5% Prf. 5.75p
ASDA-MFI Group 9¾% Prf. 4.875p
Babcock Int. 4% Red. Prf. 1.4p
Do. 5% Prf. 1.75p
Do. 6% Prf. 2.1p
Baltic 7% Cnv. Red. Prf. 3.5p
Birmingham Corp. 2½% 1926 1.25pc.
Do. 3% 1947 1.5pc.
Do. 3% 1932 1.5pc.
Do. 3½% 1946 3.75pc.
Blackburn Corp. 3½% Irrd. 1.75pc.
Do. 4% Cons. Deb. Irrd. 2pc.
Blockleys 6% Prf. 1.05p
Brent Walker Grp. Cnv. Red. Prf. 2.1p
British Columbia Elect. 4% Mtg. Bds. 2pc.
British Shoe Corp. 5% Irrd. Deb. 2.5pc.
British Transport 3% 78/88 1.5pc.
Cadbury Schweppes 3½% Prf. 1.75p
Calgary & Edmonton Railway Cons. Deb. 2002 2pc.
Canadian Pacific 4% Perp. Cons. Deb. 2pc.
Caparo Inds. 8% Cnv. Red. Prf. 4p
Chemical New York 68cts.
Coastal Corp. 10cts.
Colne Valley Wtr. 3½% Irrd. Deb. 1.75pc.
Do. 4% Deb. 2pc.
Do. 4% Cons. Deb. Irrd. 2pc.
Do. 5% Deb. 2.5pc.
Do. 5% Red. Deb. 86/91 2.5pc.
Do. 10% Red. Deb. 96/98 5pc.
Commercial Union Ass. Red. Prf. 89/09 1.75p
Continental Microwave 6% Cnv. Red. Prf. 2005 3p
Crowther (J.) 5% Prf. 1.75p
Drayton Cons. Tst. 2.8% Prf. 1.4p
Do. 3.5% Prf. 1.75p
Do. 5% Prf. 1.75p
East Anglian Wtr 2.8% Cons Prf. 1.4p
Do. 5% Perp. Deb. 2.5pc.
Do. 4% Perp Deb 2pc.
Elliott (B.) 3 15% Red. Prf 2000 1.575p
Ellis & Goldstein 6% Prf. 2 1p
FII Group 7.7% Cnv. Red. Prf. 3 85p
Ferranti 5.6% Prf. 2.8p
First Chicago 37.5cts.
Fleming Overseas Inv. Tst. 4½% Perp. Deb. 2.25pc.
Friendly Hotels 4¾% Cnv. Red. Prf. 2.375p
Fuller, Smith & Turner 4.2% Prf. 2.1p
Do 8% Prf. 4p
General Accident 12.5p
Grand Metropolitan 5% Prf. 1.75p
Do. 6¼% Prf. 2.1875p
Great Universal Stores 4½% Red. A 1.575p
Do. 7% B Prf. 2.45p
Do. 4½% C Prf. 1.575p
Guinness 8¼% Cnv. Uns. Ln. 96/01 4.125pc.
Gulf & Western 30cts.
Hartlepools Wtr. 3.5% Max. 1.75p
Hulett Refineries 3½% Mtg. Deb. 1.75pc.
Hull Corp. 3½% 1.75pc.
I C. Inds. 22cts.
ITT Corp. 31.25cts.
Illingworth Morris 4½% Prf. 1.575p
Int. Distillers & Vintners 4½% Deb. 02/07 2.25pc.
Kennings Estates 5½% Prf. 1.925p
Kenning Motor 5½% Prf. 1.925p
Do. 7% Prf. 2.45p
Kensington & Chelsea 11.15% Red. 2006 5.575pc.
Kershaw (A.) & Sons A Prf. 2.8p
Lee Valley Wtr. Red. Deb. 85/87 3pc.
Do. 7¼% Red. Deb. 91/92 3.625pc.
Do 7½% Red. Deb. 3.75pc.
Do. 7¾% Red. Deb. 3 875pc.
Do. 8¼% Red. Deb. 4.125pc.
Do. 4% Irrd. Deb. 2pc.
Do. 5% Irrd. Deb. 2.5pc.
Leeds Corp 2½% Red. 1927 1.25pc.
Do. 3% Deb 1927 1.5pc.
Do. 5% Irrd. 2.5pc.
Lilleshall 5% Prf. 1.75p
Liverpool 3½% 1.75pc.
Do. 2½% Red. 1923 1.25pc.
Do. 2¾% Red. 1925 1.375pc.
London County Free. & Leas. Prop. 3½% Mtg. Deb. 58/89 1.625pc.
Do. 6¼% Mtg. Deb. 3.125pc.
Do. 7¼% Mtg. Deb. 91/95 3.625pc.
Do. 7¾% Mtg. Deb. 3.875pc.
London Park Hotels 4½% Prf. 1.575p
Lowland Inv. 11¼% Deb. 2010 5.625pc.
Lytes (S.) 11% Prf. 5.5p
Lyon & Lyon 4 1% Prf. 2.05p
MEPC 10¾% Mtg. Deb. 2024 5.375pc.
McBride (R.) 10% Prf. 5p
Marks & Spencer 7% Prf. 2.45p
Marston, Thompson 4¼% Red. Deb. 1992 2.125pc.
Do. 6% Un. Ln. 1993 3pc.
Mersey Docks & Harbour 6⅝% Red. Deb. 94/97 3.3125pc.
Do. 3⅝% Irrd. Deb. 1.8125pc.
Mid-Sussex Wtr. 5½% Deb. 1990 2.75pc.
Do. 4% Perp. Deb. 2pc.
Do. 5% Perp. Deb. 2.5pc.
11% Red. Deb. 5.5pc.
Morgan Grenfell 11¼% Prf. 5.625p
Mountleigh 5.25% Cnv. Prf. 2.625p
Murray Income Tst. 4.25% Prf. 2.125p

Earnings study reveals 'dramatic' disparities

BY JOHN GAPPER, LABOUR STAFF

THERE IS a growing disparity between the earnings of British supervisory, technical and skilled "core" workers and those in lower grades which do not attract bonus and merit payments, according to a Trades Union Congress research paper.

The study – which says that the highest pay increases have consistently gone to the highest paid groups of workers during the 1980s – provides detailed backing for the findings of a recent survey by the Central Statistical Office.

It says pay relativities between regions, occupations and income groups have widened "dramatically" over the past few years, and the whole thrust of Government pay policy is directed towards continuing the trend.

The workers said to have lost out the most are in regions such as the north of England and Scotland, and in occupations such as National Health Service ancilliaries, low-paid government industrial workers and agricultural workers.

The TUC paper, based on figures from the New Earnings Survey, says that a worker in the top of 10 bands of income now earns about three times as much as one in the bottom band. In the last 1970s, the multiple was two and a third.

Recent increases in company profitability are said to have been reflected not only in higher executive salaries, but also – more modestly – in the earnings of managerial, supervisory, technical and skilled core workers.

The paper cites special bonuses, profit sharing, skills allowances and merit schemes as initiatives concentrated at this employee level to widen disparities while avoiding differences in basic pay increases.

The three-yearly distribution of incomes survey by the Central Statistical Office, released earlier this month, found that the post-war trend towards greater equality of incomes has been reversed under the present government.

- The Acas conciliation service is generally regarded highly by those who use it, but some employers feel its officials are not "positive" enough and a minority of trade union officials doubt its impartiality.

Auditors to appeal over rebuke

By Nikki Tait

COOPERS & LYBRAND, one of Britain's largest firms of accountants, is planning to appeal against a ruling by the Institute of Chartered Accountants' disciplinary committee which has found that Coopers' work for Pilkington, the glass company, during the £1.2bn bid from BTR earlier this year lacked objectivity.

The appeal is likely to question how far accountants can go when advising clients during controversial situations - for example, in takeover bids.

The ICA's hearing of the Coopers & Lybrand case took place shortly before Christmas and followed complaints from BTR's chairman, Sir Owen Green – himself a chartered accountant - about a report done by Coopers for Pilkington.

During the bid at the end of 1986, Coopers were asked by Pilkington to examine BTR's record.

Although the ensuing document was never published, parts of the accountants' analysis became available to journalists and to City of London institutions. The report – which suggested weaknesses in BTR's profit and cash flow record - also found its way to BTR.

The industrial holding company subsequently claimed that the document "contained substantial inaccuracies, was misleading and, in our view fell far short of the professional standards which we would have expected of any reputable firm."

The ICA disciplinary committee findings have yet to be officially notified.

Yesterday, however, Mr Brandon Gough, Coopers' chairman, confirmed that charges alleging lack of objectivity had been upheld.

Because the institute can only discipline individual members, the charges were brought against Coopers partner Mr Richard North, rather than the firm itself.

The penalty, according to Mr Brandon, is expected to be an admonishment, the lowest level of stricture which the institute can inflict.

Coopers will also have to pay some £1,000 towards the costs of the proceedings.

Making it clear yesterday that Coopers intended to go ahead with an appeal, Mr Brandon said: "There are some important points of principle which need to be clarified."

"This goes to the heart of how one would word a report to a client in this sort of situation and whether we are able to operate in quite a robust way.

"There are important issues affecting professional practice - not just for ourselves but also for others."

UK NEWS

Ensuring St Paul's counts in the City

Alan Webster, who retires at the end of the month after 10 years as Dean of St Paul's, looks at the changes he has witnessed

SINCE 1977, on visits to the open Stone Gallery just below the Dome of St Paul's, I have watched the City changing. More than 100 foreign banks have opened – not that I needed to climb to be reminded that Fenoscandia, the Scandinavian Bank, took over my Deanery.

Immense new buildings have been opened. The NatWest Tower (1981), the Barbican (1982), Lloyd's (1986) and Broadgate (1987) all enjoyed royal openings. Some asked St Paul's for something religious, to which someone asked: "Ought it to be an exorcism?"

Far below in the Cathedral we have gone on singing the favourite evening hymn about change and decay. The scene outside has been one of confident growth, even if the Bishop of Durham in his Bankers' Sermon earlier this year boldly asked the Old Testament question: "Is it sustainable?" and was invited back to discuss this further, months before the crash.

Looking down from my vantage point, I noticed the spot on the road where each year the Lord Mayor gets out of his coach and kneels for a blessing. I wondered if St Paul's was valued as a unique mascot identifying the City or whether it is a magnet for the spirit, the conscience and the imagination.

The most crucial changes have been hidden. In my first year, the chairman of the Stock Exchange took me round the floor and asked if I sensed the good community feeling. He meant the feeling that arises from face-to-face contact. After Big Bang, however, that question has to be asked and answered in a different way.

The play Serious Money directed its satire to the stresses of computerised relationships, and even from the Dome, now and then, you can hear an ambulance from St Bartholomew's Hospital or a police car from Snow Hill screaming past on its way to a victim or a manipulator of the system.

If the Cathedral and the City churches are to be genuine Samaritans to those who work around them, they must not just talk an antique gobbledegook in their sleep but listen to their own laywomen and men and understand their problems and hopes.

Of the 7m Christians in the UK who are active members of the churches, many work in London finance. Many others are in industry, and perhaps have a love-hate relationship with the City, admiring its skills but highly critical of its short-term pressures.

Much depends on men and women of good will evolving a new language so that it becomes possible to speak of non-financial consequences in terms of neighbourhood, the common good and long-term human consequences. The biblical images of "eyes that really see" and "ears that really hear" and "hearts that really care" have never been more relevant.

We must not wait for apocalyptic events such as the 1981 riots before we are so tuned to the spirit that we never lose the human in the financial. All boards need someone to give expert attention to social responsibility.

Looking at the City, I wondered whether St Paul's and the City churches could do more to meet their responsibilities. In a sense, St Paul's is too busy and too successful, and we fall under the jibe of that great economist, R. H. Tawney: "The churches have ceased to count because the churches have ceased to think."

Each year St Paul's has welcomed 2m visitors, 100,000 worshippers, kept a staff of about 100 with 250 volunteer friends and a support group of 4,000 friends. It has also maintained the fabric, the music, a choir school, and a small but real concern for the homeless. That costs the Cathedral £2m a year.

If the aim of the postwar years was accessibility for the public, today, like other institutions, we have welcomed the moments of spectacle. Great events such as the Royal Wedding or the Black-led Churches Service or the Advent or Christmas Carols use lighting and silence and words and music as never before.

Nevertheless, in addition to all these traditional activites, a group of City people has been meeting regularly since Faith in the City, the Archbishop's Commission on Urban Priority Areas, was completed in 1985. Encouraged by this group, the Archbishop addressed a gathering in the Bank of England and wrote to 200 chairmen. The group has analysed and assessed the replies.

Alan Webster: "The most crucial changes have been hidden"

The problem of wider responsibility for great institutions is complex semantically, legally and morally. The chairman of a vast multinational, who remarked: "I do my duty by the Church; I share in the mowing of the churchyard and I support the 1662 Prayer Book" has the excuse that his church has never involved him in thinking about Christian responsibilities in institutional terms.

The group has been concerned to find a language in which community righteousness, being friendly neighbours, can resonate in boardrooms and markets. Under the chairmanship of Sir Richard O'Brien, the group is now meeting at St Lawrence Jewry.

The creation of new markets, the reduction of face-to-face contacts and the replacement of allegedly benign chairmen of the old-school type by high performers does not mean that value systems are out of date or that God is dead or that the churches have ceased to matter.

We still hear the eternal challenge: "I was hungry and you gave me no food, I was thirsty and you gave me no drink. I was a stranger and you did not welcome me . . ." Those ringing words apply to the market as well as to the individual.

A development in ethics, despite the presence of the Boeskys of New York and London, is assured. Three hundred large companies already belong to Business in the Community, and through programmes including recruitment, training, investment, secondment of experienced staff, and "positive purchasing," the inner cities are being helped.

One financial analyst remarked after I mentioned the value of churches, chapels and synagogues: "Don't be so modest about St Paul's. You would be surprised how many of us who work in the City can be found walking or pausing in the Cathedral and especially in the crypt."

At weekends when the City used to be deserted, about 1,000 worshippers, at least half from overseas, make their way to St Paul's. Their spiritual homes may be churches or chapels, synagogues or temples. After an Easter morning sermon, a Rabbi wrote to me about the mysteriousness of resurrection and remarked: "You may not realise how many lapsed Jews were in your congregation."

Increasing numbers of worshippers come from South America. When I was administering Holy Communion, a lady received the bread but handed back the chalice with a smile and said in Hispanic English: "Not this morning, thank you, Father," as though to imply that her ecumenism had gone far enough that day.

Argentinians visit the Falkland Islands Memorial and leave sad little bunches of flowers with inscriptions in Spanish about their lost loved ones.

The new internationalism of the City parallels and sometimes enables the growing religious ecumenism which the Cathedral experiences.

I wondered as I came down from the Dome for the last time as Dean what shape the life and work of St Paul's will take and what it will contribute to the City when St Paul's is 2,000 years old. Ten years is a mere flicker in the life of a Cathedral founded in 604 AD. The changes in scientific techniques have been so rapid in our lifetime that prophecy is profitless.

We had better be content with some penetrating ideas of St Paul himself: "If we abandon love, we are no more than a big bang or a clashing cymbal. Now we see reflections in a screen, mere puzzles. But as humanity exhausts all other alternatives, we shall discover that what remains sustained by the spirit is faith, hope, love and the greatest of these is love."

Derbyshire Council sells News on Sunday shares at 30% profit

BY RAYMOND SNODDY

DERBYSHIRE County Council, the largest local-authority investor in the News on Sunday, the left-wing newspaper that closed last month, has sold its shares as a doomed venture for a profit of nearly 30 per cent.

Derbyshire's pension fund invested £305,000 in the newspaper in August last year and has now sold the shares for £400,000 to Telemags.

Telemags is a new, off-the-shelf company controlled by Mr Owen Oyston, who became the main investor in the newspaper.

When News on Sunday went into receivership the assets were bought by Growfar, a company in which Mr Oyston and the Transport and General Workers Union were the main shareholders.

Growfar is still trading and is now assessing new publishing ventures and the provision of financial services for trade unionists.

The Derbyshire deal is dependent on commitments to future joint ventures with Growfar. Such investments will depend on the unanimous approval of the county's investment panel.

Derbyshire Enterprise Board is expected to invest the £95,000 profit in a new Growfar publishing venture.

It seems the deal is very much one-off. It does not imply that the 23 trade unions and 21 Labour-controlled councils which invested £5.4m in News on Sunday can negotiate similar deals.

The original investments in News on Sunday have all been rolled up into a 25 per cent stake in Growfar.

Northern fishermen pin their hopes on Falklands catches

David Waller on the rebirth of Humberside's fishing industry

"IT WAS the most immoral shambles I have ever seen. The most massive destruction of capital took place."

Mr Andrew Boyd, the autocratic proprietor of the Hull-based Boyd Line, is declaiming on a subject dear to his heart: the virtual disappearance of the UK's distant-water fishing fleet. But he points to a brighter future: "The industry is turning round. There are marvellous opportunities in fishing. The change is quite remarkable."

The revitalisation has come about partly because fish is fashionable in a health-conscious world and priced at historically high levels. Fuel is cheap. Most importantly, the 1982 Falklands conflict secured the UK's dominion over one of the world's finest fisheries.

The waters around the islands are rich in squid and fin-fish, worth – according to some estimates – £400m a year, which compares with the £361m value of the UK's catch from the North Sea in 1986.

The UK has been slow to take advantage of this resource. In the first three years after the Second World War, the fisheries were uncontrolled. Factory ships and squid jiggers from the Eastern bloc and South-east Asia fished without restraint, and it is estimated that there were 600 vessels in the area for the 1986 squid season. Not one of them was British.

In October 1986, the British Government set up a 150-mile fishing zone around the islands. As of February 1 this year, all vessels fishing within the zone would need a licence. At £50,000 to £60,000 apiece, the scheme furnished the Falkland Islands Government with a profit of £5m – and a means to regulate the previously plundered fisheries.

About 220 licences were granted for the first season's fishing – and of those, just three went to British-registered trawlers. Two were Spanish vessels sailing under a flag of convenience; the other had a British skipper and mate but a Spanish crew and its catch went to Spain.

It is only in the allocation of licences for the 1988 squid season – announced earlier this month – that the British have made any impression. Of a total of 180 licences, sharply reduced to prevent overfishing, 13 went to UK vessels. The Japanese secured a third of all the licences; Poland, 29; Taiwan, 25; Spain, 22; Korea, 21.

"Our ambition is to see the gradual but relentless replacement of the foreign fleet by UK vessels," says Mr Andrew How, general manager of Marr Falklands, one of the Hull companies owned by the Marr family.

With each boat requiring a crew of up to 35 people – plus replacement staff – the expected revival should give a substantial boost to employment on Humberside, the traditional home of the distant water fleet.

Even Britain's blighted shipbuilding industry might benefit in the long term: Marr is at present seeking tenders for a large trawler which could cost £5m to £6m.

In the meantime, Marr, Boyd Line and the other companies intent on sending ships to the South Atlantic are faced with having to scour the seas for what remains of the deep-water fleet. It has all but vanished.

In the heyday of the industry – in the early 1970s before the cod wars and the widespread imposition of 200-mile exclusive economic zones – the UK supported a fleet of 500 or more stern-trawlers, huge floating fish factories that plied the seas around Iceland and northern Norway. About 350 were based on Humberside.

Today, they number half a dozen or so. The rest were sold abroad, scrapped or recommissioned as survey or support vessels for the offshore oil industry when their traditional fishing grounds were denied them. Now the vessels enjoy a second or third metamorphosis.

The most bizarre transformation is that of the Sir Raleigh, soon to be renamed the Sir Tristan. At 84 metres, it was once the largest fishing vessel under the British flag, part of the Marr fleet. It was then sold to the local council and used as a training vessel during Operation Raleigh, the adventure scheme for young adults.

Now Detect Sea Enterprises, a Plymouth company, is spending £1.75m on re-equipping it as a fishing boat.

Marr's 60-metre trawler, soon to be rechristened the Hill Cove, is laid up at Immingham while it is converted from its last role as a minesweeper during the Falklands War.

Boyd Line's boat, recently renamed the Shackleton, is at present south of the Equator and will be the first UK boat to arrive in the Falklands. Boyd is in partnership with with a Dutch company as well as the Falklands Islands Government, so the Shackleton is not wholly British-owned. Until recently, it was on charter to the Royal Navy as a submarine support vessel.

When it arrives in Falklands waters, it will trawl for fin-fish such as blue whiting and hake and for two species of the higher-value squid, the lolligo and the illex. Both are highly prized in East Asia, but the illex is a particular delicacy, fetching up to £1,087 a tonne.

The catch will be frozen on board before being trans-shipped to a refrigerated transport vessel – reefer for short – which will take the fish to its ultimate destination.

Bounteous though the waters may be, there are problems for the UK fishermen:

● South American markets for the middle-grade fish are closed for obvious political reasons.

● Foreigners will find the Japanese market for squid – the biggest in the world – difficult to penetrate. Strict import controls apply.

● The spawning grounds for the squid lie outside the UK's 150-mile "interim conservation zone" – as the 1986 limit was called – in unregulated waters.

Although outside the 150-mile limit – which is policed by the UK – they are, however within the 200-mile zone which the UK claims under international law but does not enforce.

Fishermen accuse the Foreign Office of being lily-livered in its approach to the matter, while the FO is no doubt mindful of the international rumpus over the islands' sovereignty precipitated by the unilateral imposition of the 150-mile limit.

Humberside fishermen, hopeful that the issues are capable of resolution, predict a mild renaissance for a once glorious industry – if enough experienced crew can still be found willing to spend nine months away from home at a stretch.

Thank You.

Thank you, passengers. Where would we be without you?

Thank you, British Caledonian staff. We've made enough new friends to multiply our BCal Christmas card list tenfold.

Thank you, ladies and gentlemen of the press. (And you can quote us.)

Thank you, politicians. Who said that politics is the art of the possible?

Sadly the proposed marriage of SAS and BCal proved impossible on the day.

But we'll never forget those of you who helped us all the way to the altar.

And we'd like you to remember that we're still (very much) around.

We fly out of five British airports.

A total of more than one hundred flights to Scandinavia a week.

We offer our unique Destination Services in 82 cities round the world.

We've received enough awards for our service–both in-flight and on-the-ground–to bring a blush to our cheeks. (And you know how hard it is to make a Scandinavian blush).

We intend to carry on giving our passengers outstanding value for money.

We may not be shareholders in British Caledonian.

But we do share their most important insight.

"We never forget you have a choice."

SAS

The Businessman's Airline

Treasury reverses change in tax law

By Richard Waters

THE TREASURY, in an unusual move, has reversed a change in tax law contained in last summer's Finance Act.

The rule, concerning the tax treatment of unauthorised unit trusts, made investment in enterprise zones less attractive to private investors.

The ruling concerns the 100 per cent capital allowances available for investment in commercial buildings in enterprise zones. Unauthorised unit trusts have been created in the past to enable small investors to invest jointly in such buildings.

Before this year's act, the capital allowances could be set against an individual investor's tax liabilities. That was changed so that the trust itself benefited.

The benefit would still flow through to the investor. But that would only happen over several years, as the trust made profits from renting out the building, reducing the cash-flow benefits of the scheme.

The Treasury said last week it planned to make regulations allowing the previous treatment to continue unaltered.

Offices leaving SE 'getting larger'

BY WILLIAM COCHRANE

THE SCALE OF office decentralisation is becoming much larger, says a study of the market that comes in the wake of the TSB Trust Company's planned relocation of its general insurance business to Newport, Gwent.

Jones Lang Wootton, the chartered surveyor, says that although the number of companies migrating is not increasing, the average size of each move has risen consistently since 1984. During 1987, altogether 5,720 jobs were relocated in large moves out of central London – an increase of 12 per cent over 1986.

The central London office market has been going through a period of expansion. There have been significant increases in office rents while the supply of prime-quality accommodation is now at historically low levels. In response, JLW says, decentralisation has again become an important issue.

The firm says that 15 companies – including Rank Xerox, Sun Life of Canada and Phillips Petroleum – either moved or were due to move out of London in 1987. That level of decentralisation is similar to the one recorded during the period 1979-86, but remains far short of the high levels that were recorded during the 1960s and 1970s, when there were up to 33 moves a year.

A telephone survey identified 26 companies that have definite plans to relocate after 1987, Jones Lang Wootton says. Of those, 16 are scheduled to take place next year. They include the moves by merchant bankers Baring Bros to Brentwood, Essex, and the Pearl insurance group to Peterborough, Cambridgeshire.

Moves scheduled further ahead include Lloyds Bank to Bristol in 1989, the BBC to White City, Hammersmith, west London, and Reuters news agency to the Isle of Dogs, London Docklands, in 1990. In addition, JLW says, are a further 25 organisations are seriously contemplating decentralising within the next few years, but have not yet made a decision.

Over the next few years, the trend towards an increasing number of jobs being involved in each move is likely to continue, with moves scheduled for 1988 and 1989 involving an average of 595 jobs each – an increase of 56 per cent on this year's figure. The moves will involve a total of over 13,000 jobs, a level comparable with decentralisations during the 1960s.

TSB Trust, a division of the Trustee Savings Bank, which itself moved to Andover, Hampshire, in 1973, said last week that nearly all its Newport staff would be recruited locally.

Mr Brian Brown, TSB Trust's chief executive, said: "Initially we will be creating 400 jobs which we expect to rise to about 2,000 by the mid-1990s."

The £50m move to a 16-acre site by the M4 motorway will attract £5m of government grant aid and will be one of the biggest grant-aided investments yet made in the UK. Newport was finally chosen from a shortlist of three, beating Birmingham and Bristol.

The Jones Lang Wootton report comments that decentralisation moves to destinations far away from London have been few. During 1987, it says, the move by Shell Chemical UK to Chester represented the only decentralisation to a centre outside the south-east.

Of the projected moves in the study, only three come into the "long distance" category: the Pearl group to Peterborough; Lloyds Bank to Bristol; and the Patent Office, which Mr Kenneth Clarke, the Industry Minister, has hinted might move to Cardiff.

The Decentralisation of Offices from Central London, annual survey. By Jones Lang Wootton Consulting and Research. £60.

● Bunzl, the paper manufacturer, is moving its head office from the City of London to Stoke Poges, Bucks, on January 4, it announced on Christmas Eve.

● Wates City of London Properties has paid Barclays Bank £14.5m cash for an office building at 70-73 Cheapside in the City on a site that backs on to Mr Peter Palumbo's controversial Mansion House scheme. The move represents a further step in Wates City's land assembly for a development at 80 Cheapside, where it has existing planning permission for 154,000 sq ft of office space.

Wates said on Christmas Eve that the cash consideration had been settled from its own resources and that it had granted a lease-back of the existing accommodation at 70-73 Cheapside, to Barclays Bank.

"The December 22, 1987 ad. of Tundra Gold Mines Limited had inadvertently and by error of the London Financial Times the terminology "timescale doubts," superimposed on the ad. These words had no application whatsoever as regards Tundra Gold Mines Limited and were superimposed by error and should be disregarded completely. The Financial Times apologizes for this error."

Prices of houses 'will rise strongly'

By Richard Waters

HOUSE PRICES will continue to rise strongly next year but growth will slow in 1989, the Halifax Building Society forecasts today.

The society, which handles a quarter of all building-society mortgages, says this year's 15 per cent average growth in prices across the country – compared with 11 per cent last year – will be repeated.

It says the main reason for continuing growth will be a rise in real earnings of well above 3 per cent, provided the Chancellor cuts taxes as expected in the next Budget. Real incomes rose by 4 per cent this year.

Interest rates next year "should be on average lower than in 1987."

The outlook beyond next year is less certain: economic activity and real incomes will decline as the year wears on, slowing the rise in house prices, says the Halifax.

It says London price rises will start to slow before 1989, a view echoed by Nationwide Anglia, the country's third-largest society, which says growth will fall to 20 per cent within months, compared with 27 per cent in the year to September.

The levelling-off is because many potential first-time buyers cannot afford to buy in the capital and therefore are not forcing up prices.

The average house price in London is £67,810, 50 per cent more than the average price for a similar house in the rest of the country, says the Nationwide.

Stamp duty loophole blocked

By Richard Waters

THE INLAND REVENUE has moved to block schemes under which people buying new houses have avoided paying stamp duty.

The abuses involve the sale of vacant land with a linked agreement to build a house on the site, where the vendor is also the house builder.

In some cases, the Revenue says, it has been notified only of the conveyance of the land – meaning that stamp duty (currently at the rate of 1 per cent) is paid only on that part of the transaction. If the land is sold for less than the stamp duty threshold of £30,000, there is no charge at all.

The Revenue said last week that in future the cost of the house would be included when assessing stamp duty.

However, where there are two completely separate contracts, stamp duty will still be charged only on the land. That will include cases where the the deal to buy the house is made after the land has been bought.

This statement of practice has caused some embarrassment at the Revenue. It is based on a ruling, first issued 30 years ago, which had fallen into disuse. The Revenue has now had to write to builders to explain that standard forms of contract it had approved as constituting two separate transactions can no longer be used.

The Revenue said it hoped its "clear restatement of existing practice" would help to settle the 400 outstanding cases now in dispute. Purchasers in those cases will escape the full duty only if they can prove that they acted on wrong advice given by the Revenue, or that the duty will cause hardship.

Directors to be questioned on red tape effects

Financial Times Reporter

A NATIONWIDE survey of the effects of government regulations on business has been launched by the Institute of Directors.

More than 28,000 directors will be asked whether government measures to cut the level of regulation of business have produced any noticeable reduction in the burden on their companies.

The institute is also writing to Mr Francis Maude, Corporate and Consumer Affairs Minister, proposing in detail the abolition of what it describes as "many of the useless regulations which still abound."

It says that the Enterprise and Deregulation Unit set up in 1985 to co-ordinate deregulation is "in danger of becoming bogged down in its own bureaucracy."

The institute says: "The excessive burden of regulation on business is halting growth and preventing companies from entering new markets.

"Despite government measures to ease the burden on business since 1979, very few regulations have been abolished.

"Yet every year the Government has added to the red tape which ties the hands of British business."

The institute cites measures such as the Copyright, Designs and Patents Bill as being leading pieces of regulatory legislation that will significantly increase business costs.

Further, it says the procedure of compliance-cost assessments, set up by the Government to assess the costs to business of new regulations, is proving inadequate.

DIARY DATES

Business and Management Conferences

January 8
Lea, Storey & Co: Total quality management and the customer (0272 211964)
Redwood Lodge Hotel, Bristol

January 13
International Business Communications: Implementing a strategy to prevent computer fraud in retail electronic banking (01-236 4080)
Cafe Royal, London W1

January 13
Manchester Business School: "Business and economics in a smaller world" with Professor J. Kenneth Galbraith.
Manchester

January 15
HS Conference Studies: Winning planning appeals (01-437 9090)
Cafe Royal, London W1

January 19
Management Forum: Expert systems in business and the professions (0483 570099)
Cafe Royal, London W1

January 19-20
Crown Eagle Communications: Successfully acquiring unquoted companies (01-242 4111)
London

January 19-20
Institute for International Research: Creating, implementing and projecting an effective corporate identity (01-434 0301)
Park Lane Hotel, London W1

January 20
Legal Studies and Services: Share schemes for executives and employees - the new law practice and strategy (01-236 4080)
Royal Lancaster Hotel, London W2

January 21
Institute of Personnel Management: Preparing to win at an industrial tribunal (01-946 9100)
Rembrandt Hotel, London

January 25-26
Financial Times Conferences: Civil aviation in the Pacific basin: the pattern of the future (01-925 2323)
Shangri-La Hotel, Singapore

January 26
EMAP Conferences: Corporate pensions - countdown to change - the definitive guide to the new legislation and regulations (01-404 4844)
Cavendish Conference Centre, London W1

January 27
The Association of Corporate Treasurers: Commercial paper - the opportunities (01-631 1991)
Cafe Royal, London W1

February 4
Spectra Retail Concepts: Looking forward at PC based instore systems (0734 794161)
Cafe Royal, London W1

February 9-10
Frost & Sullivan: Fibre optics in communications systems (01-730 3438)
Portman Hotel, London W1

February 11,12,15
Financial Times City seminar (01-925 2323)
Plaisterers Hall, London EC2

February 11-12
The Biscuit Cake Chocolate & Confectionery Alliance: 35th technology conference (01-631 3434)
Connaught Rooms, London WC2

Trade Fairs and Exhibitions: UK

January 6-17
London International Boat Show (0932-854511)
Earls Court

January 7-10
Holiday and Travel Fair (021-780 4171)
NEC, Birmingham

January 9-14
International Toy Fair (01-226 6653)
Harrogate

January 10-14
International Lightshow Exhibition (05384 658)
Olympia

January 17
Antiques and Collectors Fair (01-883 7061)
Alexandra Palace

January 19-22
Which? Computer Show (01-891 5051)
NEC, Birmingham

January 22-24
Holiday Exhibition (0695 58431)
Alexandra Palace

January 26-28
Hirex Exhibition (01- 660 8008)
Wembley Conference Centre

January 30-February 3
British International Toy and Hobby Fair (01-701 7127)
Earls Court

February 2-3
Electronics Industry Show (0273 675131) - ELECTRO WEST
Bristol Exhibition Centre

February 2-4
London International Safety and Health Exhibition (01 446 8211)
Novotel

February 7-11
International Spring Fair - Hardware and Housewares Show (0604 22023)
NEC, Birminham

Overseas Exhibitions

January 10-13
Middle East Electricity Exhibition (01-935 8537)
Dubai

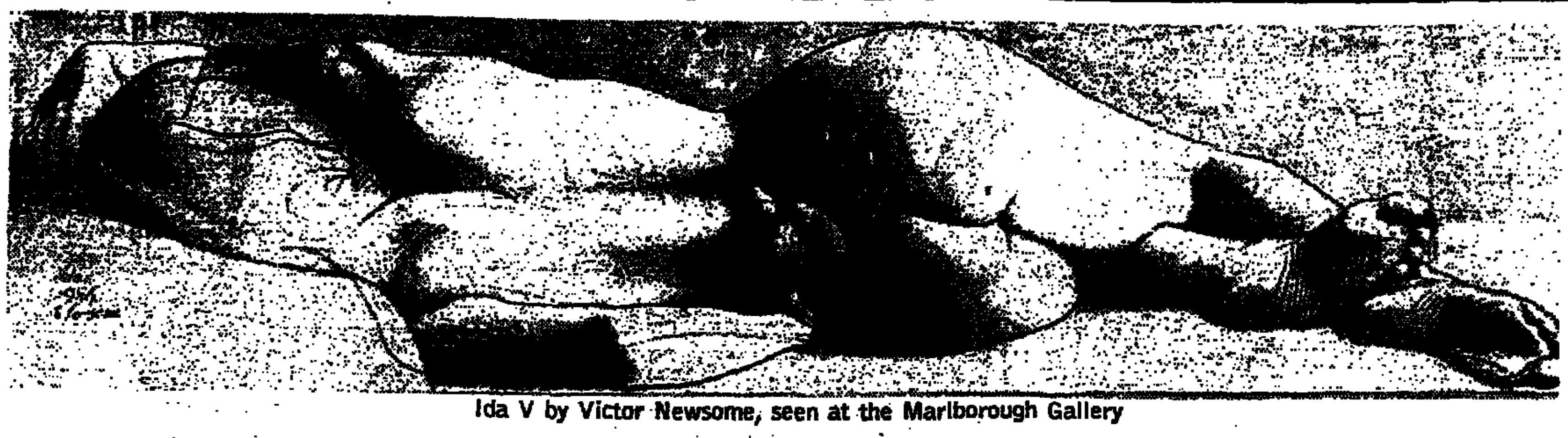
January 13-16
International Home and Household Textiles (01-734 0543)
Frankfurt

January 13-19
Hong Kong Toy Show (01-930 7955)
Hong Kong

January 14-18
International Supplies and Materials for the Furniture Industry - APPROFAL - and Take-away Goods for the Home Exhibitions - INTERKIT (01-225 5566)
Paris

January 22-29
Bahrain Fair (01-486 1951
Bahrain

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes in the details published


Ida V by Victor Newsome, seen at the Marlborough Gallery

Art in 1987/William Packer

Great things seen, great things done

To review the year just past in the world of Art, as of any other, is a conventional seasonal duty and most probably a fruitless exercise into the bargain. Yes, there have been marvellous, wonderful and hugely enjoyable moments, great things seen, and great things done. But we are still so close to them, at least in the field of contemporary art and current activity, that we hardly begin to recognise them, and certainly do not see clearly enough to begin to pass judgement on them.

And yes, there have been the most dreadful things done too, work entirely without merit and developments, proposals, stratagems and spoils almost too depressing to set out.

In the world of Art the Philistine is always with us, but highly visible and often in public office (which seasonally dispeptic observation bears, I can assure you, no party complexion whatsoever).

Indeed no year that began with Frank Auerbach in the private and Degas in the public sector, went on to see the Turner Bequest installed in the new Clore Gallery at the Tate, saw Henry Moore shown so beautifully in the perfect landscape of the Yorkshire Sculpture Park and Jacob Epstein given due honour at last at Leeds and Whitechapel, and now closes with Diego Rivera at the Hayward, Leger at the Whitechapel, and the Royal Academy full of Gothic masterpieces, can hardly be considered altogether bad. Even the most desperately fastidious curate would be forced to concede that parts of it were indeed unforgettably good.

That said, however, the great treats and spectacles have been rather the province of the public museums and institutions: in the private sector, good as it has been in so many ways, it has been in general a quiet year, a year which has seen reputations confirmed and revived rather than any major new declaration achieved. Frank Auerbach at the Marlborough in January came as no surprise after his personal triumph at Venice in the previous summer, and was none the less welcome and gratifying for that; but how good it was to see the recent figure paintings and drawings of Victor Newsome in the same gallery a few weeks later, who has had too little notice of late and less of fashionable figurative expressionism to sustain him.

Again, Gillian Ayres, at Knoedler early in the summer, showed new work of wonderful strength and quality, and Bridget Riley did the same at the happily revived Rowan Gallery a little later on, but then both these fine painters were in a sense merely building upon by now well-established critical positions. Long may they continue to do so, but it is to take nothing from them to say that for once, perhaps, they were upstaged by others who, too long neglected, took their chances to remind us just how good they are. Jennifer Durrant's choice retrospective at the Serpentine in May was outstanding, and Maggi Hambling's brave show of new work in the same gallery in the autumn was equally remarkable.

And then we had Alison Britton with her extraordinary scuptural ceramics at Contemporary Applied Arts; Gwyther Irwin and later Michael Mayer at Gimpel Fils; Roger Ackling with his burning-glass and bits of wood at what was still the Juda Rowan in May; the drawings of Peter de Francia at Camden and the mysteriously fugitive etchings of Peter Freeth at Christopher Mendez in St James's; Basil Beattie at Curwen; Nigel Hall at Annely Juda; Paula Rego at Edward Totah and Stephen Buckley at Knoedler.

All are known up to a point and all produced mature, resolved and so variously accomplished work. They sprang no surprises, and yet how wonderfully surprising, in its strength and quality, was the work of each.

Together they gave us work across almost the entire range of current activity – prints, paintings and sculpture, figurative and abstract, expressionist, constructivist, romantic and classical – and an effortless demonstration of the strength in depth we possess in this country, in artists of the middle generation. That as a society at large we should so sorely neglect them is another matter.

On the public side, of such a show as *The Private Degas*, which Richard Thomson put on at the Whitworth Gallery of Manchester University in January, I can only say it is the one that I would not have missed, choosing it even before the great *Fragonard* show in Paris, or the *Master Drawings from the Woodner Collection* at the Royal Academy, or *Chivalry*, or the *Epstein*, the *Leger* or the *Moore*.

It is through the drawings, the studies and the unfinished works that we come as close as we ever can to the touch and presence of great artists, and it is in the very nature of Degas' practice as an artist that we seem to come closest to him of all.

But all those other shows have been marvellous, and there were more besides: *Rothko* at the Tate in mid-summer, followed by *Manners and Morals: Hogarth and British Painting*; the *British Neo-Romantics* rightly restored to their Lost Paradise at the Barbican; Dr Fox's splendid *Londoners* at the Museum of London; *Mary, Queen of Scots* duly celebrated at the National Portrait Gallery of Scotland; *Winterhalter* still on at the National Portrait Gallery in London; the strangely moving grimacing heads of Franz Xaver Messerschmidt at the ICA; the *Art of Watercolour* at the Manchester City Art Gallery. Even the flawed and wrong-headed exhibition of the *British Art of the 20th Century*, at the Royal Academy early in the year, had its virtues of particular celebration and rediscovery. The most exquisite rediscovery of all was the Tate's too modest celebration of the water-colour landscapes of the mid-Victorian painter, *George Price Boyce*, just while we were all away on our holidays.

The most ambitious certainly, and perhaps the most admirable, is *Chivalry: the Art of the Plantagenets*, still on at the Royal Academy, which makes great work that we might have thought daunting and remote so remarkably accessible, immediate and alive.

But can we have too much of these good things? It would seem so from the policies of our masters, who contrive to make the practice and celebration of the fine arts ever more difficult by seeking to persuade us they do so for our own good. Oh yes, we hear, our great collections are our nation's glory and delight and of course must be preserved and enhanced. But why is it then, we ask, that the money now available for acquisitions is down some 30 per cent in real terms on a decade ago, in a time when the prices of capital works of art are to be measured in multiple millions?

Silly question. Why not raise more money by selling off those works of art we no longer want? But if we don't want them, who else will, and won't we therefore be selling at the wrong end of the market, which is an odd way to raise money? Besides, long curatorial experience shows that there is no absolute measure of the relative critical importance of a work of art, to say nothing of its value.

What one generation discounts and puts away, the next dusts down and treasures. And how can we expect people to give to the nation one day what might be sold for sixpence the next? Surely we should rather be encouraging them to give to us, in any case, by sensible tax concession, instead of doing everything to put them off.

No no, you are quite wrong. We know best and we are making sure you have the powers in trust to sell things off, just so that you have no excuses when the pressure, from us, to sell is irresistible. We are not made of money, but the great Art of this country is safe in our hands.

It would be laughable if it were not true. Every museum director and every trustee has made it quite clear that the power to turn the collection over in the saleroom, "deaccessioning" as it is called, is not wanted, but the enabling bill is to go ahead regardless. Such arrogant, patronising, ignorant political contempt for expert advice is, unfortunately, nothing new, nor unique to the arts.

In the field of fine art education too, in which all those artists of whom we should be so proud were brought up and to which so many return to teach in their turn, the war of niggling attrition goes on. For the official philistine view appears to be that the Fine Arts – painting, sculpture and their associated disciplines in the arts and crafts – are no longer to be considered central to the higher study of the arts in general in our technological age.

This is a time of rumour rather than of hard news, but the whisper is that the Royal College of Art, no less, is to be the latest to succumb. It is now proposed that the disciplines of Communications and Design for Industry, such as they are, should supply the creative heartbeat of our principal, post graduate, College of Art. Fine Art would continue active, but as a reduced and conflated department. Architecture as a distinct school, moreover, would disappear if the plan goes through, and in its place Retail Design would emerge, to claim its place in the sun of the Rector's, and the Minister's approval.

We are a nation of shopkeepers after all, God help us, but I do rather wonder what Prince Charles would say about this particular proof. The Fine Arts, all of them, perhaps could do with a little royal help.

So some things do get worse - which is too sad a note on which to wish my patient readers and the art world at large a happy and constructive New Year. My especial good wishes go to Elizabeth Esteve-Coll, who takes overfrom Sir Roy Strong at the Victoria & Albert Museum next week, and to Nicholas Serota, who follows Alan Bowness at the Tate in the summer. Both of them certainly know what they have taken on.


"Study for Diego Martelli" by Degas, seen at The Private Degas exhibition

Cinema/Nigel Andrews

A different Dorrit

Little Dorrit Part 2 directed by Christine Edzard
The Adventures of Mark Twain directed by Will Vinton
Bigfoot and the Hendersons directed by William Dear.

Years of movie-watching teach a critic that there is no such thing as the wrong ingredients in a film. There is only the wrong recipe. The same unpromising components have gone into *Little Dorrit Part 2* as into *L.D. Pt 1:* pauperish sets, much grey and clammy lighting, and a host of VIP British actors looking as distinguished and at times as totemic as the residents of Mme Tussauds.

For me these ingredients failed so badly to cohere in Part 1 that I rashly announced my disinclination to sample Part 2. However, my readers would have none of this. "Return to the Curzon," they cried in fearful unison. So I did. I have now seen Part 2, and I have even seen Part 1 again.

The latter still seems to me marketable as a cure for insomnia. It staggers through the Dickensian intricacies like a blind man seeking the heart of a maze. The structure zigzags queasily between past and present: and among the actors both Alec Guinness's Papa Dorrit and Sarah Pickering's Little Dorrit, the major strengths of Part 2, have too little chance to shine.

But telling the same story more chronologically and through Little D's eyes, the second film changes the experience from a threadbare patchquilt into a seamless tapestry: and one that seems frayed by life and feeling rather than by budget exigencies. Instead of sitting incredulous at the interchangeable shoestring sets and the one token bridge with its painted backdrop of London houses, we are now stimulated to see in them a quirky metaphor for inner-city decay Victorian-style: the picture of a city where grime and flies, damp walls and creaking floorboards suggest a true rather than picture-postcard version of 19th century London.

Still more importantly, Part 2 allows the actors greater breathing-space in which to develop their characters. This produces triumphant work from Guinness (a foolish old duffer forever stroking his delusions of gentility), from Joan Greenwood's Mrs Clennam (spitting venom from that cracked-throat music-box of a voice) and from Max Wall's Flintwich, a sort of liveried corpse alternately frightening and funny.

Meanwhile Pickering's Little Dorrit, whose diffidence in Part I seemed indistinguishable from screen-fright, has a chance to show the emotions that lie like a water-table beneath the dry, taciturn surface of a life of hardship.

Above all, the movie shows - almost revolutionarily - that Dickens characters can be portrayed as human beings, not just as humours. What matter that you can see the joins in the film's settings – where a "real" wall is shimmeringly matched to a painted matte shot – when you can also see the all-revealing joins in the characters: where caricatural exterior meets the underpinning of the soul. My apologies to writer-director Christine Edzard: not for misjudging Part 1 of her enterprise (to whose merits I am still not converted) but for misjudging the promise of its approach and its resources, so brilliantly realised in Part 2.

*

Little Dorrit, for all its Dickensian provenance, is hardly children's fare. And I cannot advise you to steer the tots towards *The Adventures Of Mark Twain* either. This movie may sound like family fun: a fantasy kaleidoscope of Mark Twain stories brought to you in the wonders of "Claymation." But though entertaining and staggeringly achieved – how would *you* like to make a feature-length movie in animated plasticine (24 different positions per second)? – it proves to be more for grown-ups than kiddywinks. Complex games with fantasy and reality are played aboard Mr Twain's spaceship, as he travels to meet Halley's Comet and passes the time by narrating stories to his three stowaways: Huck Finn, Tom Sawyer and Becky Thatcher.

Susan Shadburne's script is a delicious box of tricks. It mingles sci-fi make-believe with subtly snipped excerpts from Twain's yarns (Injun Joe, the Jumping Frog and Adam and Eve all included). And who could improve on director Will Vinton's Claymated representation of the wry old quipster himself? The plasticine model looks like Twain, bushy-white of hair and moustache. And dubbed in a gravelly Southern drawl by James Whitmore, he even sounds as one imagines Twain did.

The only sadness is that for children, these are unlikely to be coveted merits, and it is tough for such an audience to keep track of the film's multi-layer structure. At the public showing I saw, the grown-ups were enchanted but the tots were less so. One exasperated little girl eventually piped up, "What are they all *doing*?" My advice is: take the children to something else during the hols - and sneak off during term-time to see it yourself.

*

Faute de mieux, perhaps you could take the children to *Bigfoot And The Hendersons*, directed and co-written by William Dear. The latest Spielberg production to hit these shores, it is long on whimsy and short on wit. But it has its moments. John Lithgow collides with something large and hairy while driving his family through a National Park. This turns out to be the legendary Bigfoot, a kind of American Yeti. They take him home, and even though he breaks the house up (splintered walls and smashed televisions a speciality) they come to love him. Can they save him from the two-pronged threat of the hunting fraternity and the science boffins?

As designed by Special FX wizard Rick Baker, "Harry" a.k.a. Bigfoot, is a lovable 8-foot hearthrug with a simpering simian smile. The smile is exercised to death during the movie, as is the crinkle-faced look of sorrow whenever Harry looks as if he will be shown the door. However, this time, unlike the Twain experience, the audience of youngsters in my local cinema were happier and more vociferous. They cheered Harry on from strength to strength, adventure to adventure,


Max Wall as Flintwich in "Little Dorrit, Part 2"

Die Frau Ohne Schatten/Munich

Andrew Clark

For anyone wishing to experience a comprehensive Richard Strauss repertory in the theatre, Munich is the place to be for the next seven months. The Bavarian State Opera, standard bearer of Strauss tradition, is offering three new productions alongside re-stagings of the more familier works, capped by concert performances of *Guntram* and *Friedenstag* at the July festival. The cycle has just been formally opened with *De Frau Ohne Schatten*, which gives a sample of the standard to expect.

The production, first staged in 1972 by he late Oscar Fritz Schuh, hasn't been seen in Munich for seven years and is now assigned to Shuh's assistant, Wolf Busse. It may betray its vintage in some of Jorg Zimmermann's designs – the fanciful architectural projections, the use of gauze and rainbow colours – but its is a classic of its kind, faithfully spotlighting the characters around the stage, telling the story with a minimum of fuss and adding no symbolism of its own. In these circumstances, the work's strength, particularly its humanity and exotic musical atmosphere, are very much to the fore.

It is hard not to come to a Strauss performance in Munich these days without conjuring a certain conception of how the music is going to slip effortlessly into place, on the premise that the orchestra knows the score intimately and Wolfgang Sawallisch will exercise his majesterial influence.

Gwyneth Jones was singing the Dyer's Wife in Munich for the first time, but the production could have been made for her. Once again her gifts as a vivid communicator, which have made her a great favourite with the Munich public, triumphed over vocal inconsistency. Robert Schunk, who also sang in the last London revival, was the Emperor. The Empress was Mechtild Gessendorf, whose blend of power, lyric beauty and technical flawlessness made a very appealing impression.

Barak is a new part for Berend Weikl, and one he fits handsomely from the same mould as his Sachs. Brigitte Fassbaender as the Nurse gave the most graphic and theatrical performance of all, a ubiquitous trousered Mefistophelian character with the Serpentine cunning of Loge and the cowering malevolence of Elektra.

Arts guide

December 25-31

LONDON

Royal Opera House, Covent Garden: The company's festive season show is a not very festive revival of L'Elisir d'Amore with Yvonne Kenny. Denes Gulyas, Enzo Dara and Gino Quilico, conducted Silvio Varviso (240 1066).

English National Opera, Coliseum: The much-awaited production by David Pountney of Humperdinck's Hansel and Gretel is conducted by Mark Elder. Ethna Robinson and Cathryn Pope take the title roles: with Norman Bailey as father and Felicity Palmer doubling as mother and witch. The most imnportant saving grace of the limp, unfunny new production of the Barber of Seville by Jonathan Miller is the Rosina of Della Jones, a classic impersonation sung with formidable Rossinian virtuosity. (836 3161).

PARIS

Lyons Opera Ballet and Magny Marin's company (Theatre de la Ville). The Seven Deadly Sins in Berthold Brecht's and Kurt Weill's Black Universe Searching for Peace. (42 74 22 77).

Rudolf Nureyev's production of Tchaikovsky's Nutcracker (Paris Opera). The choreography reveals childhood's fantasies as well as fears beneath the usually sugar-coated fairy tale. Monique Loudieres, Claude de Vulpian, Elisabeth Maurin, Fabienne Cerutti alternate as Clara, while Charles Jude, Rudolf Nureyev, Jean-Yves Lormeau and Laurent Hilaire dance in turn in the role of Drosselmeyer. (47 42 57 50)

Kirov. The temple of classical ballet has brought, with Swan Lake and Giselle, a revelation: the couple Farouk Ruzimatov and Altynai Assylmuratova. Palais des Congres (426 62075) until Jan 10.

Don Giovanni conducted by Lothar Zagrosek with Francois le Roux in the title role and Helene Garetti as Donna Elvira in Oslo Opera's dynamic production by Goran Jarvefelt at the Opera Comique. (429 60611).

WEST GERMANY

Berlin, Deutsche Oper: Die Hugenotten is revived with Angela Denning, Pilar Lorengar, Andrea Andonian and Victor von Hallem. Der Freischutz, a Johannes Schaaf production, stars Rene Kollo as Max. Hansel und Gretel has Karan Armstrong, Barbara Scherler and Gudrun Sieber. Also The Nutcracker, choreographed by Rudolf Nureyev and Die Fledermaus with Carol Malone, Sharon Markovich and Ute Walter. (34381).

Hamburg, Staatsoper: The Magic Flute with Linda Plech, Ralph Houston and Janusz Niziolek. Dornroschen is choreographed by John Neumeier. (351151).

Cologne: Tannhauser has Spas Wenkoff in the title role and Nadine Secunde as Elisabeth. Hansel und Gretel features Edith Kertesz-Gabry and The Magic Flute rounds off the week. (20761).

Frankfurt: Edith Mathis leads a strong cast in Le Nozze di Figaro. Also Der Zigeunerbaron and John Cage's production of his two operas Europeras 1&2. (25621).

Stuttgart, Wuerttembergisches Staatstheater: Donizetti's rarely-played Anna Bolena produced by Giancarlo del Monaco stars Katia Ricciarelli, Stefania Toczyska, Matthias Holle and Roland Bracht. Dornroschen is choreographed by Marius Petipa with sets by Marcia Hydee. (20321).

Munich, Bayerische Staatsoper: Die Frau ohne Schatten has Mechtild Gessendorf and Brigitte Fassbaender. La Boheme has Giacomo Aragall, Nelly Miricioiu, Julie Kaufmann and Thomas Woodman. Die Fledermaus in Otto Schenk's production will be conducted by Carlos Kleiber. The cast includes Pamela Coburn, Brigitte Fassbaender, Alfred Kuhn and Wolfgang Brendel. Further performances are Hansel und Gretel and Dornroschen. (21851).

NEW YORK

Metropolitan Opera (Opera House). Les Contes d'Hoffman, in Otto Schenk's production, conducted by Charles Dutoit, features Gwendolyn Bradley, Roberta Alexander, Neil Schicoff and James Morris. Manuel Rosenthal conducts Die Fledermaus in Otto Schenk's production, with Barbara Daniels, Judith Blegen, Tatiana Troyanos and David Rendall. Fabrizio Melano's new production of Il Trovatore is conducted by Richard Bonynge, with Joan Sutherland, Fiorenza Cossotto and Luciano Pavarotti; Franco Zeffirelli's production of Tosca is conducted by Christian Badea with Eva Marton, Sherrill Milnes and Italo Tajo. Lincoln Center (362 6000)

New York City Ballet (New York State Theatre). Nikolais and Louis. Two choreographers with their own companies, Alwin Nikolais and Murray Louis, team up for a five-week season featuring seven programmes, including a number of premieres. Ends Jan 17.

WASHINGTON

Washington Opera (Eisenhower). The season continues with the little performed L'Amico Fritz by Mascagni in repertory with Ruddigore. Kennedy Center (254 3670)

HMS Pinafore (Opera House): Brian McDonald's production stars Ron Moody and Meg Bussest. Kennedy Center. Ends Feb 6 (254 3770).

Jack and the Beanstalk

Claire Armitstead

After a fortnight of mainstream pantomime Bob Mason's *Jack and Beanstalk*, which comes to the Half Moon inStepney from the Liverpool Everyman, seems the wittiest, most sophisticated offering this side of Christmas. It is an extraordinary relief to find actors who deign to act in a show which deigns to do more than throw the loosest of structural nooses around a collection of TV celebrities.

That is not to say it is perfect: there were times early on when attempts to draw the audience into traditional participatory conventions while at the same time sending those conventions up left the children among us shy and confused. But I doubt if many were bored as Nicola Blackman's punk fairy set about confounding the evil Hiram Stoat(David Fielder) and reforming young Jack from a pimply prankster to a hero capable of rescuing his dad from the dungeons of Giant Grumblebum.

A wacky set by Andrea Montag makes imaginative use of the hangar-like Half Moon, with "biff" and "wham" signs that descend from the rafters, a monstrous (and monstrously stupid) giant and a beanstalk that shoots up before our very eyes. It is full of the sort of zany detail that assures you a designer is enjoying a commission, and the same goes for a cast that is a little light on the vocal side (Blackman excepting)but works hard to compensate for the deficiency.

Michael Gunn contributes an ebullient dame, Julia Office a sparky leading girl doubling as the giant's bossy wife, and Ian Puleston-Davies is particularly adept at impersonating the sort of brat who leaves chewing-gum on bus seats and sniggers as you sit on it.

Bob Mason himself directs a show which cuts its political frame of reference short at arming Stoat with a strike force of bloodthirsty yuppies.

FINANCIAL TIMES

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Telegrams: Finantimo, London PS4. Telex: 8954871
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Tuesday December 29 1987

False unity in Zimbabwe

MR ROBERT MUGABE, Zimbabwe's Prime Minister, has finally got his way. After years of coercion, interspersed by heavy-handed negotiations, Mr Joshua Nkomo's minority Zapu party was last week merged with the ruling Zanu(PF). Although the constitution still theoretically provides for a multi-party system, Zimbabwe is now a de facto one-party state whose government is committed to the creation of "a socialist society ... on the basis of Marxist-Leninist principles", as the merger agreement puts it.

It is a retrograde step. The combination of the authoritarian characteristics of one-party government, and an economic policy which has manifestly failed elsewhere in Africa, is a recipe for disaster.

It is incongruous, to say the least, that at a time when most African countries are embarking on overdue economic reforms – including neighbouring Mozambique, which is steadily moving away from a centrally planned economy – Mr Mugabe should repeat his intention of shifting in the opposite direction. His Marxist-Leninist aspirations, however, may well be no more than rhetoric. Ever since Mr Mugabe took office he has threatened radical economic changes but in practice wisely continued with a mixed economy.

His plans for a one party state, however, have now been put into effect with the formal signing of an agreement intended to end a 25-year old rift between Zanu, mainly supported by the Shona majority, and the Ndebele backed Zapu. In practice it will probably do no more than paper over the division, and could well exacerbate rivalries.

One of the main reasons for the merger given by Mr Mugabe and his supporters is that it will help end the banditry in the south western province of Matabeleland, the Zapu stronghold, which has cost the lives of many black civilians and more than 70 white farmers. The government believes that the dissidents, as they are known, are mainly former members of Zapu's guerrilla army, disbanded at independence in 1980. The Zapu leadership has been accused of encouraging the violence, although Mr Nkomo himself has frequently denounced the perpetrators. Bring Zapu into Zanu(PF)'s fold, so the theory goes, and the dissident menace will diminish, if not end.

There are two problems with this approach. It is most unlikely that those responsible for the banditry owe any allegiance today to the 73-year old Mr Nkomo, nearing the end of his political career, and will therefore be indifferent to the unity pact. They move with relative ease amongst a peasant population which recalls two brutal army campaigns against the dissidents in 1983 and 1984 during which over 1,000 civilians died at the hands of the soldiers. The dissidents also exploit one of Zimbabwe's most serious difficulties – a shortage of good agricultural land for the rapidly growing population, many of whom are tempted to squat on white farms.

The second problem lies in the nature of the negotiations themselves, conducted in a way which has embittered many Zapu supporters. If what is a flawed policy in principle were to have any chance of success, Zapu should have been a willing participant. Yet ever since the first efforts to bring Zapu under Zanu(PF)'s wing collapsed as a result of allegations (never brought to court) that Mr Nkomo's supporters were plotting to overthrow the government, the minority party has been harassed. Senior officials have been detained, the party's meetings banned, its offices closed, and access to the state controlled media strictly limited. Although a handful of Zapu members continued to hold office in Mr Mugabe's government, the majority of the party has resented a strategy which smacked more of force than persuasion.

Whether the terms of the pact eases this resentment remains to be seen. Mr Nkomo becomes one of two vice-presidents of Zanu(PF), former Zapu members will hold about a quarter of the seats on the Politburo and the Central Committee, with similar representation in the Cabinet. This allocation, it can be argued, is a fair reflection of Zapu's electoral strength. But the fact remains that the merger of the two parties is a shotgun marriage which entrenches Zanu(PF)'s hegemony and undermines democracy in Zimbabwe.

Wrong approach to legal aid

THERE IS no justice if obtaining it depends on the ability to pay for legal advice and representation. The annual cost of UK legal aid, some £400m, would not be excessive if such aid achieved justice for everyone, irrespective of means. This is not the case. Almost 30 per cent of the UK's population is denied access to courts, not because people are too poor, but because they are neither poor enough to qualify for legal aid nor rich enough to bear the enormous cost of litigation. Moreover, in the present, combative style of the civil process, legal aid is not sufficient to establish a real equality between parties of greatly different financial means. The Legal Aid Bill, now passing through Parliament, does not come to grips with these problems. Besides restating the existing law in a highly obscure fashion, it is narrowly focussed on removing the shortcomings and abuses of legal aid detected by the 1986 Interdepartmental Scrutiny of the Efficiency of Legal Aid. This reported that there was no proper control over legal aid expenditure.

The amount of legal aid trebled over a period when the retail price index increased by only 59 per cent. Legal aid in its present form is an open cheque, signed in civil cases by the Law Society and filled in by the solicitor who determines what assistance or representation the client needs. Well over 60 per cent is absorbed by the Green Form scheme which provides legal first aid to clients whom the solicitor decides are qualified to receive it. The elasticity of legal aid is even greater when it comes to continued advice or litigation, and the legal profession has grown to rely heavily on the income it provides.

Vigorous protests

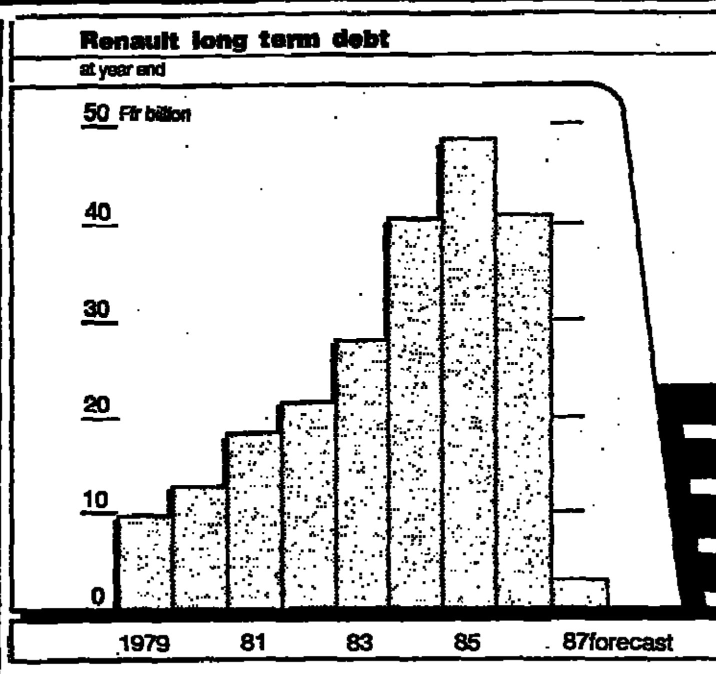
The Legal Aid Bill is designed to provide a threefold remedy. A newly created Legal Aid Board under the general control of the Lord Chancellor, would take over from the Law Society the signing of the open cheques – the legal aid certificates. The amount solicitors can fill in would be limited by the introduction of standard fees for certain types of assistance and representation. The Green Form scheme would be gradually replaced by contracting out the legal first aid to advice organisations, such as the Citizen's Advice Bureaux, which should be able to eliminate emotional and welfare problems and refer the client to a solicitor only if he has a legal problem with which they cannot cope.

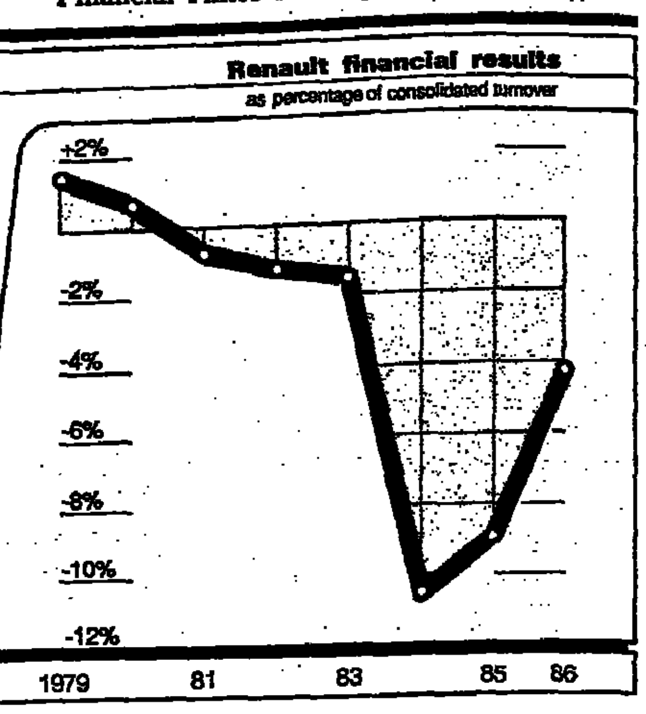
The proposals have provoked vigorous protests both from the legal profession and from the advice organisations. Solicitors fear the loss of income, and the advice organisations refuse to assume responsibility for legal advice unless its funding is assured first.

It is not so much the nature of the system employed as the steadily increasing need for legal services which is bound to bring the Government into the same conundrum it faces in the health service. The Bill will only take it from the frying pan into the fire.

The real solution lies in reducing the need for legal services. This could be achieved by making the law intelligible to the citizen, by better drafting and consolidation of statutes, and by codification of common law – at a cost which would be a fraction of the money now spent on legal aid.

Greater clarity and certainty of law would reduce the incidence of disputes, which could be disposed of faster and more cheaply by giving the judge a greater control over the proceedings, particularly in the field of family, employment, housing, and social security law. Justice, the all-party association of jurists, has recently proposed such a simplification of employment disputes. A blueprint for the simplification of other disputes has been prepared by the Lord Chancellor's department. Social security legislation still waits for translation into English, but on all the other fronts there is nothing to stop the Government from achieving real savings quickly – and not only for the Legal Aid Fund.





Paul Betts reports on the postponement of Renault's privatisation

A political spanner in the works

THIS CHRISTMAS should have provided a special celebration for Renault.

The French automobile group had finally returned to profit after three years of heavy losses and extensive restructuring. The Government was preparing to turn it into a self-reliant competitive enterprise by changing its special statute as a state-owned *regie* into a common law company. To help it adapt to competitive existence, the conservative Government of Mr Jacques Chirac was planning to give it a generous bonus by writing off FFr12bn (£1.2bn) of the company's debt.

Suddenly everything has turned sour for Renault. The company, when it was least expecting it, was brutally let down earlier this month when the Chirac administration abruptly postponed the reform plan.

After rushing ahead – as on so many other occasions during the past 18 months with the best of motives but perhaps too little forethought – Mr Chirac has once again been forced to abandon a key reform. Despite his best efforts, it is clear that Renault's statute can no longer be changed before next spring's presidential elections.

Mr Chirac appears to have misjudged the issue because he forgot the history of Renault and what it still means to the Communists.

Unlike many banking and insurance companies which were simply nationalised by General de Gaulle's government after the Second World War in the drive to rebuild the country, Renault was taken into state custody because its owner had been a collaborator with the Nazis. It was given a special legal statute tightly bound to the state. Renault, in the words of General de Gaulle, became "la fille ainee de la Republique", and for many years thereafter the company was the pioneer of social and union progress for the working classes in France. In that sense, Renault was also the symbol of the wartime alliance between Gaullism and the left.

Over the years, this special status has gradually evaporated and Renault has increasingly tried to act like any other company. Nevertheless, when Mr Chirac became Prime Minister in March 1986, his privatisation programme did not include Renault. In part, this reflected Renault's still fragile financial situation, which hardly made it an attractive candidate for early privatisation. But it also seemed to reflect the old Gaullist instinct of not tampering with the post-war state institutions.

The outlook changed with the faster than expected recovery of Renault. Mr Chirac and his neo-Gaullist supporters seemed to have been swayed by the eloquent arguments of Mr Alain Madelin, the liberal, non-Gaullist, Industry Minister, to turn the reform of Renault into a symbol of the right-wing Government's free-market industrial policies. From the beginning, Mr Madelin, whose father worked for Renault, became one of the most ardent champions of the young breed of centrist Republican Party politicians committed to ultra-liberal policies, which were designed to modernise traditional French dirigiste and Gaullist mentalities.

Mr Chirac brought a number of liberals into his right-wing coalition Government as a concession to the centrists. But tension has often erupted between the more statist-minded Gaullists and the ultra-liberals grouped around Mr Francois Leotard, Culture and Communications Minister, and his Republican Party colleagues, including Mr Madelin, who have become known as *la bande a Leo* or Leo's gang.

Despite the misgivings of the more cautious Gaullists, Mr Madelin, who earlier made his mark with a radical restructuring of French shipbuilding, finally persuaded Mr Chirac to embrace his proposals to turn Renault into an ordinary company. But while Mr Chirac decided to write-off the post-war history of Renault, the Communists were not willing to play ball.

Mr Chirac badly miscalculated the parliamentary timetable and also the reaction of his opponents. When he tabled a bill to change Renault's statute, it was inundated with 3,500 amendments from the Communists, which meant the bill could not complete its passage before the end of the last ordinary session of parliament before the presidential election.

Mr Chirac could still have pushed through his bill by turning it into a confidence motion: a procedure he has often used. But he thought an easier and politically more attractive way out would be to tack the bill on to an extraordinary session of parliament called to regularise political party finances next month. He ignored one thing, however: under the constitution, the approval of the Socialist President, Francois Mitterrand, was necessary for this procedure. The President, a stickler for constitutional propriety, said no.

Chirac seems to have misjudged the issue because he forgot the history of Renault and what it means to the Communists

This turned the affair into an embarrassing political fiasco for Mr Chirac barely four months before the presidential election which he hopes to win.

The Communist Party could hardly believe its luck. With its ally, the powerful pro-Communist CGT trade union, it had been the last pocket of resistance against reform of the country's largest industrial enterprise.

The setback has already had political, social and economic repercussions. The morale of the state car group has been shattered. "It has been a major shock for the company. We had kept our part of the bargain by turning round the group more quickly than expected, but our shareholder did not follow up with its promises," a Renault official remarked despondently shortly after hearing of the Government's decision to postpone the reform of the car group.

The surprise victory of the Communists may have serious repercussions on labour and industrial attitudes in France, especially in the car industry. In the last few years, the influence of the unions and of the Communist Party has been declining dramatically.

The growing awareness, even on the far left, of the need to modernise manufacturing and make it internationally more competitive had started a process of depoliticisation. The car industry, perhaps the most politicised sector of all, did not escape this evolution. The Socialists, who never included the private Peugeot group in their nationalisation programme despite pressure from the Communists, soon realised that even Renault, the traditional flagship and symbol of French state industry, would not escape economic pressures to move away from nationalisation.

The process of transforming Renault began with the appointment of Mr Georges Besse as chairman in 1985. One of the toughest French industrial managers, he was assassinated by terrorists last year.

Just as Mr Jacques Calvet, the chairman of the rival Peugeot group, had embarked on an ambitious restructuring programme aimed at returning the private group to the black, Mr Besse launched a recovery programme at Renault which involved shedding more than 25,000 jobs and concentrating the company's activities on its core car operations. This programme, continued by Mr Raymond Levy, Mr Besse's successor, has borne fruit. After losing FFr27bn during the last three years, Renault is expected to report a profit of about FFr3.5bn this year.

"During the last three years, Renault seemed to have been finally depoliticised. But I'm afraid that in the last three days, Renault has never been more politicised," said one French car industry official after the Government's postponement.

Mr Madelin and other members of the right-wing majority saw the change of Renault's statute as a useful symbol of the Government's continuing commitment to free-market policies, at a time when its privatisation programme had been interrupted by the stock market crash.

But other Government members had become uneasy about the Renault reform and the company's FFr12bn debt restructuring, to be financed from privatisation receipts. With the slowdown in the privatisation programme, the Finance Ministry felt increasingly uncomfortable about financing the Renault debt write-off in one go. Indeed, there are indications that the Government is now looking at a staged write-off, starting with a FFr3bn first instalment.

A paradoxical aspect of the defeat of the Government's project is an apparent pincer movement consisting of the Communists on one side and Mr Calvet, the Peugeot chairman, on the other. While the Communists fought the project on principle, Mr Calvet fought it on detail.

Mr Calvet has always said that he is willing to accept a reform of Renault which would place the two rival car companies on an equal competitive footing. But he has never been prepared to accept a Government write-off of Renault's debt which he believes would give it an unfair advantage and so undermine Peugeot.

Indeed, Mr Calvet went as far as threatening to resign a few months ago when the Government was drawing up the details of the Renault reform. Under the original project, the state was envisaging advancing FFr16bn to Renault to restructure its balance sheet. At the same time, the state car group would have been free from tax liabilities until well into the next century.

Mr Calvet persuaded the Government to back down from its first proposal, which he deemed excessive. But in so doing he poisoned relations between the two French car groups and delayed the Government's timetable

On top of all this, the European Commission has been scrutinising Renault's subsidies. Mr Madelin finally persuaded the Commission to accept the latest plan for restructuring the Renault balance sheet because it would be the last and would enable the Government to turn the car group into an ordinary competitive company. But he warned last week that, after the latest events, the Commission might want to look into the subsidy issue again.

A few days before the Renault political fiasco, Mr Levy, the usually discreet chairman of the state car group, called in the press to express his alarm over the situation and its repercussions on Renault's recovery efforts and its credibility. But his warnings went unheeded.

Instead, Mr Chirac confounded the Renault chairman and the French public with his latest political turnround. What makes the situation all the more ironic is that a year ago, the energetic and politically restless Mr Chirac was also forced to climb down on a series of highly controversial issues including planned reforms of the universities and a Christmas railway strike.

The problem for him is that this year the presidential election is drawing close and Mr Raymond Barre, Mr Chirac's main rival on the right, is sitting back and watching – with undisguised glee – the Prime Minister's remarkable knack for getting himself caught in a political fix.

Men and Matters

Cape Town, December 28

Invasion of the Fayreste Cape

The latest political violence in Natal, where 32 people died over the holiday weekend, seems a long way from Sir Francis Drake's "Fayreste Cape in all the worlde." Christmas sees the annual invasion of "vaalies" from the industrious Transvaal, banjo strumming "bands" roaming the city streets and topless beauties on the famous city beaches.

It is hot, it is summer, and when the wind howling around Table Mountain lets up for a while, it is marvellous.

Cape Town is South Africa's "mother city". It enjoys a special place in the hearts of South Africans as well as thousands of older travellers and war veterans who stopped off at the harbour on their way to Australia or the Far East.

The liners have long ceased to ply their routes, while the advent of container ships and the growth of Durban and other harbours closer to the industrial heartland of South Africa has left the former bustling port a shadow of its former self.

But, after three lean years, foreign tourists are back again in force, scouring the street markets for bargains while local estate agents are offering their choicest sea or mountain view properties to foreigners able to pay half the total price in cheaper financial Rand.

It is still possible to buy a four-bedroomed house with a pool and panoramic views over Table Bay or the string of beaches to the east for the equivalent of less than £100,000.

Prices are now rising again as the economy recovers from its three-year recession. But they remain far below comparable European or Californian levels.

Meanwhile, the foreign invasion has angered local wine farmers in the traditional Stellenbosch, Franschoek and Hex valley wine country who complain bitterly about foreigners buying up historic cape vineyards for a song.

District Six

Much of the human and architectural heart of old Cape Town was ripped out in the 1960s when the big Afrikaner insurance companies and the property moguls pulled down many of the elegant old shops and hotels with their wrought-iron balconies and shady arcades.

The government added to the injury by bulldozing the multi-racial "District Six" behind the harbour, and forcibly removing thousands of mixed-race, coloureds, Malay, and other people from their old homes close to the city centre.

The man in charge of the operation was president P W Botha, then the minister in charge of coloured affairs. To this day he justifies the operation as a worthwhile job of slum clearance.

Needless to say, his view is not shared by thousands who lost their homes, and by many whites who still resent the impact of apartheid social engineering on the vitality and character of the city.

The bitterness engendered by those forced removals was a potent underlying force during the long months of violent protest now suppressed by the state of emergency.

For most Capetonians, however, the re-building of District Six as a multi-racial living area is now only a question of time – provided the conservative party does not win the next white election.

BP and other foreign and local companies have declared their willingness to help fund such a project once they get the green light. In the meantime the artificial calm imposed by the emergency has lowered the temperature.

Carnival again

While tension was high the police banned the annual carnival from the streets. This year it is on again, and the competing coloured bands, dressed in striped jackets, straw hats, and painted faces – Al Jolson–style – will again strum and swing their way through the city.

For the first time since new apartheid laws banned coloureds from appearing in concert at the city hall 20 years ago, many of the stars who once lived in District Six, and treated the city hall as their nearest local venue, will also take to the boards again inside its Edwardian splendour.

The New Year concert at the city hall promises to be a nostalgic affair. Organiser "JayJay" Abdurahman last appeared on its stage 20 years ago when imitating American stars was all the rage amongst the youth of District Six.

Then he wore a gold lame suit and wiggled his hips in impersonation of Elvis Presley. He hopes that many of the old stars, will re-create the atmosphere of a part of Cape town which is just waiting to be re-born.

Times remembered

In a divided society like South Africa anniversaries are tricky events. One race group's "victory" is so often another's humiliating defeat.

Next year will have a bumper crop of anniversaries, eight in all, which promise to bring controversy in their wake.

Perhaps the least controversial will be celebrated in February when the South African and Portuguese crew of a replica fifteenth century caravelle is due to land in Mosselbay in the Eastern Cape.

The caravelle is following the route traced by Bartolomeu Dias, the Portuguese explorer who became the first white man to land on what became South African soil.

Five hundred years after that historic landfall nearly half a million of his countrymen – many of them refugees from Angola and Mozambique – live in South Africa, and will celebrate this boost to their national pride.

A few months later into 1988 Afrikaners with names like du Plessis, de Villiers, and Terreblanche, will celebrate the 300th anniversary of the arrival of some 200 French Huguenot families.

Forty Years on

The most controversial anniversaries, however, will be the 150th anniversary of the Great Trek by Afrikaners away from the British–ruled Cape, and the slaughter of thousands of Zulus by "Voortrekkers" at Blood River in Natal on December 16, 1838.

The last commemoration of the Great Trek 50 years ago gave an enormous boost to Afrikaner pride and helped lay The foundations for the victory of the national party a decade later in the 1948 general elections.

Forty years after that historic victory, however, Afrikanerdom is bitterly divided between enlightened "Verligtes" and pro-apartheid "Verkramptes".

Both sides are gearing up for a fierce struggle between the conservative party and the ruling nationalists at the nation-wide municipal elections in October. The split not only affects politics but runs through families and divides the Dutch Reformed Church, and even the Afrikaners' secret society, the Broederbond.

Little wonder then that both sides of the Afrikaner divide fought to control preparations for re-living the great trek. The upshot is that next year will see two separate trek celebrations – one organised by the pro-government Afrikaner kultuurverenigings, and the other by the far-right wing afrikanervolkswag, with its links to the neo-Nazi Afrikaner resistance movement.

Ironically it is the success of the state of emergency in repressing black protest that has permitted Afrikaners the luxury of fighting amongst themselves.

It looks like an interesting – and probably troublesome – year ahead.

Observer

G7 AND THE DOLLAR

Seeking a longer focus

By Philip Stephens

IT IS FASHIONABLE to be sceptical about official attempts to halt the dollar's slide. And last week's statement from the Group of Seven industrial nations appeared to give the sceptics plenty of ammunition.

The clumsy timing of its release (three days later than planned and only after its contents had been comprehensively leaked) and the tortuous language on exchange rate stability did little to inspire market confidence.

Subsequent remarks by Mr Beryl Sprinkel, President Reagan's economic adviser, nourished doubts on Washington's commitment to dollar stability. That gave foreign exchange markets the excuse they needed to continue selling the US currency.

It is painfully obvious that the process of international policy co-ordination has become much more difficult.

The public bickering between the US and West Germany which preceded the stock markets' crash and Washington's later acquiescence in the dollar's slump have hardly enhanced mutual trust.

The contrast between the behind-the-scenes wrangling that preceded last week's document and the orchestrated euphoria of February's Louvre Accord could not have been starker. And during the run-up to the US presidential elections in November co-ordinating policies will get harder rather than easier.

The fact that the G7 – the US, Japan, West Germany, France, Britain, Italy and Canada – chose not to hold a formal meeting underlined their acknowledgement of the limitations of the new accord.

It does not need an expert in textual analysis to see the points of tension. The clear commitment found in the Louvre agreement (and reaffirmed only last September) to stabilise the dollar has been replaced by a much more equivocal agreement that further exchange rate instability could be damaging.

A US pledge, demanded by Mr Nigel Lawson, Britain's Chancellor, that Washington be ready to raise interest rates to defend the dollar is conspicuous by its absence. The latest evidence from the US Federal Reserve's money market operations suggests that supporting the financial system and eliminating the risk of a recession remain the priorities of US policy.

While Mr Lawson and his West German counterpart Mr Gerhard Stoltenberg appear genuinely convinced that, if anything, the dollar is now undervalued, there is no such certainty on the other side of the Atlantic.

The latest statement also reflects broader uncertainty over the wisdom of putting too much emphasis on exchange rate management in the process of international policy co-operation. West Germany has almost as many doubts as the US about the wisdom of attempting to fix a rigid target for the dollar.

Participants in the Louvre meeting now acknowledge that they did not agree a set of firm target ranges for their currencies. Many of them add that it was probably a mistake to allow financial markets to believe that such an exchange rate grid existed.

By the time of their September meeting in Washington, some governments were convinced that a further fall in the dollar's value would be needed to erode the huge US trade deficit. But they had no mechanism to secure such an adjustment.

As one senior European central banker comments: "The whole thing became much more rigid and deterministic than it was meant to be... At that stage (September) there was no real consensus on the dollar but we had no choice but to reaffirm the Louvre."

In the view of officials at West Germany's Bundesbank that resulted in market volatility being transferred to interest rates, a development which contributed to the stock markets' crash.

So if politics in Washington meant that a shift in emphasis away from exchange rate management was inevitable, European central banks also see the advantages of increased flexibility

The Paris-based Organisation for Economic Co-operation and Development took a similar line last week: "There is a limit to how far it is feasible or desirable for currencies to be held at any particular level by means of intervention and monetary policy changes alone," it said in its latest Economic Outlook.

In other words, the focus of co-operation should switch to the macro-economic policies needed to reverse international payments imbalances. The Bonn Government's unseemly criticism of the OECD report indicates that there is no consensus as yet on the scale of such policy shifts. But the movement is in the right direction.

Central banks will still intervene, as they did yesterday, to support the dollar, but there is no longer an open-ended commitment to defend a particular level whatever the cost. In essence, exchange rate management will no longer be a substitute for broader policies.

None of this implies that governments and central banks – including those in the US – regard a further slump in the dollar's value in the new year as either desirable or inevitable.

Mr James Baker, the US Treasury Secretary, may not be prepared to give a public undertaking to prop up the dollar, but he is believed to share European and Japanese concern about a uncontrolled slide.

Intervention by the Fed to support the US currency over recent weeks has been substantial by its standards. If the US economy continues to look resilient, a rise in interest rates may not have been ruled out indefinitely.

European officials hope that the scale of the dollar's fall over the last two months – over 10 per cent – will also give the markets pause for reflection. The US currency is now trading at levels which even most hawkish economists believe to be close to its equilibrium value.

The key, however, to any hope of longer-term exchange market stability rests on a visible improvement in the US trade deficit and some erosion of the Japanese and West German surpluses.

No one pretends that the policy commitments outlined in last week's statement will solve the imbalances. Further cuts in the US budget deficit in 1989 and additional expansionary measures in West Germany and Japan will be needed. Action by Taiwan and South Korea to limit the build-up in their trade surpluses has also become increasingly urgent.

The omens, however, are not anything like as bad as the recent monthly US trade figures have suggested.

Despite record deficits in dollar terms, the volume of US exports in 1987 has been rising by around 10 per cent more than the country's traditional markets and, according to the OECD, is likely to continue to do so in 1988.

As the OECD points out, a key problem is simply one of measurement. Because trade positions are traditionally assessed in dollar terms, the US currency's depreciation since 1985 has meant that the "measuring rod" has shrunk in size, magnifying initial surpluses and deficits. That has compounded the traditional J-curve effect of devaluation – the relative price changes which mean that shifts in nominal trade balances invariably lag behind those in volumes.

To take an example: during 1987 the West German surplus is likely to have risen by nearly 20 per cent in dollar terms, but to have declined by 2 per cent in D-Mark terms.

Perversely, such effects may mean that the dollar's latest decline will further obscure the adjustment process. But the OECD expects the nominal figures to improve significantly over the next two years. On current policies, it projects a fall of \$50bn to \$100bn in the US current account deficit between 1987 and 1989.

That would not be enough to restore a sustainable position for the US in view of its rapid accumulation of overseas debt. And the prospective resilience of the Japanese and West German surpluses (most of the US gains are likely to be at the expense of other European countries) suggest a further revaluation of the D-Mark and yen against non-dollar currencies will be needed.

What governments and central banks are hoping for, however, is that the signs of movement in the right direction will soon begin to appear in the monthly US trade figures.

If that happens, then they see a chance of a pause, at least, in the dollar's decline.

FOREIGN AFFAIRS

Investing in the cerebral

By Jurek Martin

SINCE this is the season in which good news is celebrated and presents given, it can be reported that Europe is about to receive a singular favour from Japan. Mr Yasuhiro Nakasone, who likes rarified atmospheres, has elected to give his maiden public speech since stepping down as Prime Minister not to a conference of electronic valve manufacturers on the slopes of Mt Fuji, but to the World Economic Forum which convenes in Davos towards the end of next month.

Now, it so happens that Switzerland, while indisputably a geographical part of Europe, is mentally more of an island. This, together with its mountains, explains why the Japanese profess to admire Switzerland most. But close students of Japanese opinion polls will have noticed that the Swiss edge over the rest of Europe – only West Germany used to rise above a polder of indifference – is a bit less noticeable than it used to be; and the Davos forum, for all its Alpine setting, is not exclusively a Swiss celebration. Indeed some have described it as a veritable Olympic Games of intellectual and political congregations. It is even rumoured that Mr Andreas Papandreou and Mr Turgut Ozal will try to bury the Greek-Turkish hatchet there next month.

The fact that Mr Nakasone is going to break his post-ministerial duck adjacent to a Swiss ski slope is, to break a snowy metaphor's back, the tip of an iceberg; indeed, it can safely be forecast that the world is about to experience an avalanche of Japanese participation in the international conference and think-tank industry. Mr Nakasone, of course, is supposed to be heading a new Japanese institution dealing with strategic matters.

Not much has been heard lately of this fledgling body; but never mind, even if it stays on the drawing board, other Japanese institutions are stepping into the business with a vengeance. If Nissan can put people back to work on Teesside and in Tennessee, so can Japanese institutions give employment to the cerebral of London, Washington, Paris and Munich.

But just as there is more than one way to make a car, so there is more than one way to hold a conference and run a research programme; and the world had better be ready for the fact that the Japanese may not be satisfied with reflective weekends in the Oxfordshire countryside. Long a practical, pragmatic country, more interested in how things are done than why, Japan is also very much a multi-media society and both sets of values will have to be taken into account.

A harbinger of things to come took place in Tokyo earlier this month, where there was assembled on, – wait for it, a snowy Sabbath instantly labelled White Sunday – a conference which had Black Monday on its mind. It was, appropriately, put together by the Nomura Research Institute, a cousin of the Japanese securities house, in collaboration with NHK, the Japanese version of the BBC.

This was no run-of-the-mill congregation. For a start, it featured Paul Volcker, in what was billed as his first speech since stepping down from the US Federal Reserve. The fact that he gave it in Japan was itself a commentary on the times, and probably on the value of the yen; and as if he was not enough, Anthony Solomon, ex-New York Fed, Fritz Leutwiler, ex-Bank of International Settlements, and Haruo Maekawa, ex-Bank of Japan, amounted to pretty fair ballast.

More than that, the Nomura Institute not only got in its best known Western counterparts, Chatham House, Brookings, Ifri (Paris) and Ifo (Munich), but threw in for good measure five national television stations (including Channel Four from the UK), each of which made short films for the conference. The five research institutes produced a global economic prescription, portentously known as the Tokyo Declaration. It was read out in English by Christopher Tugendhat, of Chatham House, with a profundity rendered even more grave by a flu-laden croak.

But there is more. The event was staged in one of Tokyo's most famous and largest concert halls, seating more than 3,000. More than 8,000 citizens had applied for tickets, which were then allocated by ballot. In spite of a blizzard, to which the Japanese capital does not adapt well, some 2,800 turned up. Every moment of the 150-minute, precisely choreographed programme was televised live on the new NHK satellite channel. Since this has only about a quarter of a million subscribers, an edited version of Mr Volcker and the formidable supporting cast will be shown on New Year's Day, in prime time. (Earlier risers in Britain can get a flavour of it on the morning of January 3.)

There were some minor diversions when the simultaneous translation equipment went on the blink, but that merely gave Volcker, in irrepressible mood anyway, openings for a few good cracks ("My economics make more sense in Japanese"). But that apart, for content and for show, it was a professional presentation. It is not often that you find the former heads of the Fed and its New York subsidiary disagreeing in public over the question of Brazilian debt (Volcker would be tougher on Brazil, Solomon feels creditors can make appropriate concessions towards capitalising interest).

Nor do journalists frequently get the chance to ask four (albeit former) central bankers what they really think the value of the dollar ought to be. In response, it was apparent that old, cautious habits die hard; the straightest answer came from Fritz Leutwiler, who tersely observed that there was no doubt that the Swiss Franc was overvalued; but then, he is a businessman now and Brown Boveri, of which he is chairman, worries about exchange rates for more prosaic commercial reasons.

There were lessons in the exercise. Japanese internationalisation may be proceeding apace, but much of it is still done for internal consumption. It is helpful to institutes like Nomura's to be associated with its foreign counterparts, and with luminaries like Mr Volcker, because it adds strength to whatever policies and arguments they are advancing in their domestic context.

But if, in this sense, the purpose of the association is not entirely altruistic, it would be wrong to suppose that the Japanese partner intends to sleep in the glow of the reflected glory. Ventures like this – and the Anglo-Japanese 2000 Group, which meets again in the UK next month – are noteworthy for some pretty rigorous advance planning.

Finally, and perhaps most important, the Japanese can now offer resources which more modestly endowed foreign institutions simply cannot match. It is hard to see how a Chatham House or a Brookings can fail to benefit, materially and intellectually. If they play their cards right, they might even get over a few ideas, too, and that would be a nice way to repay the Christmas present.

Letters to the Editor

To be 'good' employers

From Mr Amin Rajan.

Sir, Mr Stephen Lewis's forecast of 50,000 job losses resulting from the stock market crash seems exaggerated (December 14).

Currently there are no reliable estimates available on City-based jobs in either the securities industry or the finance sector. A detailed study now in progress at the Institute of Manpower Studies shows that these may be of the order of 100,000 and 180,000 respectively.

Although provisional, the figures suggest that, either way, Mr Lewis's forecast amounts to an unprecedented contraction as a result of a single event. The forecast of 50,000 job losses becomes easier to swallow if the securities industry was 600,000 stong, as various newspaper reports have indicated. Our estimates show it to be much smaller.

Statistics aside, an assessment of the prospective job losses in the City needs to take account of three factors.

First, the public perceptions of the number of new jobs created by foreign-owned financial institutions in the run-up to Big Bang are somewhat exaggerated. Currently, they employ some 50,000 staff, handling all kinds of business including securities. Of these, about a fifth have been taken on since 1984, roughly equally through two avenues: organic growth and corporate acquisitions. Their net job creation is about 5,000. The scale of contraction now being contemplated by them is most unlikely to take their overall numbers below 40,000.

Second, the British-owned securities houses have had a more subdued net growth in staff numbers in the period 1984-87, once allowance is made for corporate acquisitions and mergers. It has probably increased by a tenth since 1984, to a current level of some 60,000. Many of these houses are part of bigger institutions, providing an expanding volume of services with considerable potential for staff redeployment.

Finally, more than ever, the City institutions are now conscious of the need to cultivate the image as "good" employers if they are to compete successfully in a turbulent labour market. The crash has severely undermined profitability in the short term. But it has also accelerated the recent trend towards the adoption of a more strategic approach towards staff development through better human resource planning. In the process, the immediate financial pressures are not ignored; nor are the longer-term imperatives, for that matter.

Amin Rajan,
Institute of Manpower Studies,
Mantell Building,
University of Sussex,
Falmer,
Brighton, Sussex

UK attitude to Taiwan

From The Rt Hon Sir Rhodes Boyson, MP.

Sir, I read your piece "Taiwan Mission to Europe - Omits UK" (November 26) on my return from that country.

Wherever I went and whomever I met in Taiwan, from ministers to businessmen and academics, I had complaints about the UK's pernickety attitude to Taiwan and its people.

I was informed on all sides that it takes longer to obtain a visa to come to Britain than it does to obtain a visa to the US, France, and Germany. Worse: one leading Taiwanese businessman I met informed me that on arrival at Heathrow Airport, after obtaining a visa, he was only allowed a visit of five days, while he could easily obtain a three to six month visa from other European countries. It is thus no accident that the Taiwanese purchasing mission visited other European countries and not Britain.

Many Taiwanese students, who are taught English as their first foreign language, would like to come as paying guests to our university and other higher education institutions; the general feeling that they are unwanted in Britain could mean that we lose out as much on the educational as on the business side. A branch of the British Council in Taiwan would be of considerable advantage, not only to the Taiwanese but to Britain.

Taiwan does not expect formal recognition by our Government, but the Taiwanese consider that, unlike our competitors, we put obstacles in their way in both economic and cultural contacts. True or not – and I suspect that it is true – we could pay a heavy price for our attitude. Economic co-operation and cultural co-operation should not be prevented by lack of formal recognition of the Taiwanese government.

Rhodes Boyson,
House of Commons, SW1

Superpowerful reservations

From Mr H.H. Hughes.

Sir, In "Barriers to a Non-Nuclear Europe" (December 15) Mr Edward Mortimer tells us that *Le Figaro* detects a "whiff of Yalta" about the INF Treaty. He goes on to say that its view of Yalta is a "travesty of the historical record" and puts his view of it as follows;

"...Roosevelt for a time persuaded himself that he and Stalin had forged a good working relationship, which could be maintained after the war was over and become the linchpin of a stable and peaceful world order."

That is surely too bland. Wheeler-Bennett and Nicholls, in their book Semblance of Peace - The Political Settlement after the Second World War, have an equally succinct definition;

"President Roosevelt's ambition (at Yalta) was to establish the United Nations but to superimpose upon it an American-Soviet Alliance which should dominate world affairs to the detriment of Britain and France, and to this end he made copious concessions to Marshal Stalin".

Of course, things changed quickly between Yalta and Potsdam. Mr Mortimer would argue that Europe's present situation is very different from that of 1945 anyway - but even if his conclusions are otherwise valid, Mr Peyrefitte's view of Yalta is not quite the travesty which Mr Mortimer claims; nor would one have to enjoy "vintage Gaullism" to have reservations about what the superpowers got up to on that occasion.

H.H. Hughes,
Mercury House,
Triton Court,
14 Finsbury Square, EC2

It falls upon the owners of land...

From Mr Lindsay Hutchinson.

Sir, Letters to your paper about the government's intention to end the rating system show a desire to avoid mentioning unpleasant or shameful matters.

Who recognises the following passage from a textbook of economics, in its day a best seller?

"The tax on land values is the only tax of any importance that does not distribute itself. It falls upon the owners of land, and there is no way in which they can shift the burden upon any one else. Hence a large and powerful class are directly interested in keeping down the tax on land values and substituting, as a means for raising the required revenue, taxes on other things. ...The ingenuity of statesmen has been exercised in devising schemes of taxation which drain the wages of labour and the earnings of capital as the vampire bat is said to suck the lifeblood of its victims."

Lindsay Hutchinson,
7 Mary Road,
Handsworth,
Birmingham

Perhaps we should have a 'dual' system of annual accounting

From Professor Martin Walker.

Sir, A number of comments in the letters on the accountancy debate (December 7) reflect some common misconceptions with regard to the theories of Professor Mayer and his colleagues.

First, Mayer *et al.* were careful to recognise that the deprival value approach to income measurement, proposed in their book, was well known several years ago. The novel feature of their contribution is that it provides an hitherto lacking theoretical rationale for the deprival value approach.

Second, contrary to the claim of Professor Arnold, the approach advocated by Mayer and his colleagues differs markedly from the ill-fated SSAP 16 proposals. In particular it replaces the ill-conceived monetary working capital and gearing adjustments by a theoretically sound (and conceptually simpler) adjustment for general inflation. It also advocates the incorporation of *real* holding gains/losses into the profit and loss account.

Mr Everitt's suspicion that it will take a further serious bout of inflation before we can make further progress on current cost accounting reflects a common misconception that CCA is only useful for dealing with inflation. In fact the deprival value concept is just as relevant to an economy with zero inflation as it is to an economy with high inflation.

The conceptual superiority of deprival value stems from the way it handles *relative* price changes, not general inflation, which can be handled quite easily by the Mayer *et al.* inflation adjustment mentioned above.

Mr Clark and Mr Jenkins are quite correct in identifying excessive subjectivity as the major problem standing in the way of the deprival value approach for external financial reporting purposes. I also agree with Mr Jenkins that what really matters is that standards of disclosure are adequate. Indeed, most of the problems mentioned by Mr Midgley and Mr Ward can be overcome by imposing higher standards of disclosure on companies.

Perhaps the time has come for a *dual* system of financial reporting along the lines of the United States, where companies are required to disclose (in their 10-K submissions to the SEC) an enormous amount of detailed information outside the framework of the main annual accounts, and where the main accounts themselves are prepared mostly according to strict historic cost principles.

Martin Walker,
The University of Dundee,
Dundee

FINANCIAL TIMES

Tuesday December 29 1987

Counter-claims made over Afghan siege

BY OUR FOREIGN STAFF

THE AFGHAN Government insisted yesterday that its troops had relieved a three-month rebel *siege of the eastern town of* Khost, while rebels dismissed the claim and said fighting was continuing.

Official Kabul radio said government forces had "crushed" over 1,600 insurgents and captured enormous stocks of weapons, *including thousands of* ground-to-ground rockets, mortars, heavy machine guns and anti-aircraft missiles.

President Ronald Reagan, meanwhile, has called upon the Soviet Union to withdraw its troops from Afghanistan "promptly and irrevocably."

The Soviet newsagency Tass, which stopped short of upholding the Afghan claim of victory at Khost, branded Mr Reagan's appeal as hypocritical, in view of US support for the rebels. But it said Moscow could withdraw in *less than a year if the US* stopped backing the guerrillas.

The US Administration wants a firm commitment to a withdrawal timetable of less than a year.

Kabul radio on Sunday night quoted Mr Sulaiman Laeq, the Tribal Affairs Minister, as saying *the strategically important road* between Khost and the provincial capital of Gardez was now *open for normal traffic. But* a spokesman for Mr Mohammad Younus Khalis, chairman of the rebel alliance, maintained yesterday that fighting along the road was continuing.

Rebels of the Jadran tribe have kept the Gardez to Khost highway sealed off since 1980. Afghanistan's President Najibullah pledged in a *major* speech last month to relieve Khost, where rebels estimate that 8,000 Afghan government and several hundred Soviet advisers are holed–up.

The Khalis spokesman said the relief force had advanced only a short way beyond Mirajan Bazaar, about 45 miles from Khost and scene of a battle three days ago. Other rebel sources put the remaining distance to Khost at only 25 miles.

Tass quoted Mr Mohammad Nabi Azimi, the Afghan deputy Defence Minister, as saying on Sunday that the relief troops had just six miles of the 72-mile highway to clear.

One guerrilla official, Mr Abdul Rahim, said up to 1,500 Soviet paratroopers were trapped in Khost after landing there last week.

President Reagan made his call for a Soviet withdrawal in a weekend statement from Los Angeles marking the eighth anniversary of the Soviet invasion.

"Let 1988 be the year of the action, the year that will see the Soviet Union end once and for all its brutal occupation of Afghanistan," he said.

Similar calls were made by Britain and France

The Soviet newsagency countered yesterday by accusing Washington of trying to spark full-scale war in Afghanistan by supplying the rebels with Stinger anti-aircraft missiles.

According to an earlier Tass despatch, Mr Azimi said that "at least one American adviser" was among those killed in recent fighting around the Khost region. He said 1,500 rebels had been killed, wounded, captured or put to flight.

The Kabul radio report *claiming* victory at Khost quoted Mr Laeq as saying several civilian aircraft had been shot down by rebels using Stinger and British-made Blowpipe missiles. It was not clear when these strikes were alleged to have been made.

Sir Geoffrey Howe, the British Foreign Secretary, called on Sunday for a Soviet pullout next year, and said no patriotic Afghan could accept the peace terms which have been offered by Dr Najibullah.

Andrew Fisher in Frankfurt looks at mounting unease over West Germany's economic policies

Industry sends a cold blast through Bonn

A BLAST of cold air is passing through Bonn these days, and it *has nothing to do with the* weather, which has turned unseasonably mild. Nor is there *any certainty that it is being felt* particularly keenly by politicians in their ministries, chancellery offices or party headquarters.

The change of atmosphere relates to the way the Bonn Government, right-wing and supposedly business-oriented, is perceived by many top people in West German industry. Increasingly, businessmen are express*ing irritation and unease over* the way Chancellor Helmut Kohl and his coalition colleagues have been treating the issue of the economy.

This is especially so after the recent turbulence on world financial markets, uncertainties over future growth, and the still surging D-Mark with its depressant effect on exports. Economic *forecasts have been wound back,* a few companies have introduced short-term working, and some economists detect a whiff of recession in the air.

Sometimes, the businessmen's concern makes headlines, as when Mr Edzard Reuter, chairman of Daimler-Benz, the diversified motor group which is the country's biggest industrial com*pany, fulminated in New York* against what he called Germany's "over-anxious economic *deflationary strategies*". For good measure, he also took a swipe at Western governments as a whole, accusing them of "a catastrophic lack of economic policy-making competence."

Mr Reuter is, unusually for the head of a big West German concern, *a member of the opposition*

Helmut Kohl: seen as having *little interest in economics*

Social Democratic Party. He has, *in the past,* been mentioned as a prospective cabinet member. But his membership of the SPD has not stopped a number of businessmen agreeing with him in private, though not all would describe Bonn's policies as deflationary.

The head of another leading car concern, Mr Eberhard von Kuenheim of BMW, has complained of political lethargy and lack of leadership in Bonn and said a number of companies were reconsidering their investment plans. Leading bankers such as Mr Alfred Herrhausen, of Deutsche Bank, and Mr Walter Seipp, of Commerzbank, have also made no secret of their dissatisfaction with the lack of policy-making impetus in Bonn.

Since Deutsche Bank, of which Mr Herrhausen becomes sole chairman in May – he is now co-chairman – owns a large slice of Daimler, he and Mr Reuter might be expected to think somewhat alike. Both men share a taste for approaching problems with both a philosophical and practical touch. Mr Herrhausen, as head of Daimler's supervisory board, was instrumental in Mr Reuter's elevation to its chairmanship in September.

But Mr Herrhausen is not a member of the SPD and is generally regarded as being fairly close to Chancellor Kohl. Mr Wilhelm Christians, the other Deutsche Bank co-chairman, who *retires next year, has also* charged Bonn with being too slow to open up the economy *through longer shopping hours* and more deregulation. Completing the scepticism of Bonn from Deutsche Bank, Mr Wilfried Guth, head of its supervisory board, has said Mr Kohl displays more stamina than political courage.

What does the business establishment, which supported the election of the CDU coalition with the *liberal Free Democrats* (FDP) five years ago, want from Chancellor Kohl and his colleagues?

Certainly, there are actions it would like, ranging from more deregulation – whether in shopping and banking hours, trans*port, or telecommunications – to* much lower corporate taxes. Even after the tax reform package of 1988 and *1990,* company taxes will be much higher than in the US, UK or Japan, though German corporations can put large untaxed sums aside.

But the concern *goes* deeper than present policy. There is a feeling that the Government has *rather lost its way, concentrating* on keeping things steady rather than setting new directions. When the economy was buoyant, this was no problem. But compa*nies, especially those with a high* export dependence, now seek more assertive leadership from Bonn.

Edzard Reuter: took a swipe at Western governments

Not that businessmen widely predict recession. Some, such as Mr Horst Urban, head of Continental, the tyre company which has pushed aggressively into the US, worry that too much gloomy talk about the economy could *itself damage economic* confidence.

But he and others agree with *Mr Reuter's* strictures on Bonn's performance, especially as complex international uncertainties would seem to require a more sophisticated approach to economics than has been shown in the capital of the biggest exporting nation. With exports sagging *under the weight of the* appreciated D-mark, many manufacturers worry where the next *decade's growth impulses will* come from. The latest cheaper investment credits are mostly seen as *window-dressing.*

Another shaft of criticism has come from the head of Maho, a leading machine tool maker. Mr Werner Babel, chairman of the family company, typical in its medium size and aggressive marketing and technical thrust of many West German concerns, complained the Government had spent more time discussing *whether demonstrators should* be forbidden to wear masks than on the economy.

Chancellor Kohl is perceived as having little understanding or *interest in economics. His voice* has been barely heard on the economy, while Mr Gerhard Stoltenberg, *the Finance Minister, is* often thought to be more of a figures than an ideas man. He, too, has been much *distracted* by domestic politics

Mr Martin Bangemann, the Economics Minister, is often overshadowed by the combative Count Otto Lambsdorff, who held the job before the Flick affair and is now the FDP's parliamentary economic spokesman.

Increasingly, there is a harking *back to the days of Mr Helmut* Schmidt, SDP Chancellor in the 1970s. True, he was not universally beloved in or outside business circles. But no-one doubted his grasp of economics and his ability to make West Germany's voice heard with respect, if not always with approval, abroad. There is no one of that stature in Bonn politics today, not even in *Mr Schmidt's own party.*

THE LEX COLUMN

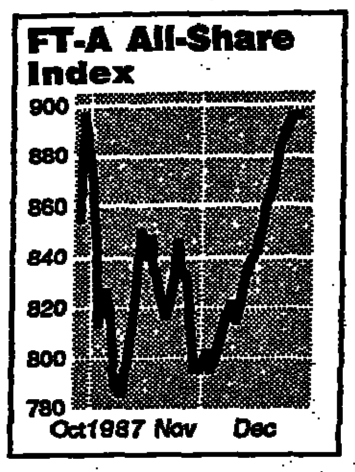
A sharp seasonal hangover

It is astounding what three days of holiday and an excess of turkey, Christmas cake, plum pudding and brandy butter can *do to* the mood of the average foreign exchange trader. Last week he cast aside the bland statement from G-7 with disdain, while yesterday, equipped with seasonal hangover, he evidently decided that the document spelt ruin for the dollar's chances of a prouder new year. If his first reaction was surprisingly cool, yesterday's *violence seemed* equally unreasonable. It was also quite unexpected, and showed that the nerves of bond and stock markets are as stretched as ever. The gentle mood of recovery that was emerging on Wall Street and on European bourses before Christmas has been shaken, and those analysts who were at their desks yesterday set to work reversing their forecasts for the next few days, and adding further last minute qualifications to their *predictions for the new year.*

On the face of it, the prospect of a steadier 1988 now looks less likely. *However, it is possible* that everybody is over-reacting, and that yesterday's events should rightly be treated as being as significant as an poll of national opinion based on a sample of two identical twins. Most of the big professional US traders are *still enjoying* their holidays in their sumptuous Long Island homes, leaving their Number Twos to *preside over typically* thin trading until business as usual resumes next week. Yet no-matter how low the volumes and unrepresentative the players, if the week progresses in the same way that it has started, market sentiment may emerge badly damaged.

It is in such conditions that the Central Banks should really come into their own – the smaller and the more frightened the bunch of players, the easier it should be to push them about. However, the effort made yesterday by European Bourses – with or without the rumoured assistance of the Fed – suceeded in scaring nobody, and did no more than stem the dollar's fall. Whether or not yesterday's traders speak *for their* colleagues, the message is clear – they hold mere words as nothing, and want a strong dose of clear fiscal, or monetary leadership. The US bond market, at least, must believe that a defensive rise in US interest rates could be on its way to help the decline, to judge from its steep fall yesterday.

FT-A All-Share Index



Whatever policy the US adopts in the longer term, every equity and bond dealing department must be praying that the *additional* weight provided by the London market will re-establish some measure of calm, if only for the next few days. Many *have recorded quite large* enough trading losses to see out this year, so that the prospect of adding more must be unattactive indeed.

UK equities

The setback in international markets over the past week will provide the first real test for the *new-found resilience of London's* equity market. The All-Share Index has rallied by around a seventh from its low point in mid-November, and by comparison with the weeks immediately after the crash, business in equities has become quite brisk lately. In the days leading up to Christmas, equity turnover was well up on the level at the begin*ning of the month, and of a year* earlier. There was even a little action on Christmas Eve.

Having fallen further faster than most, London was probably due for an above average bounce-back, which is what it has now experienced. In part, the gain reflects the continuing optimism of the UK's manufacturers. The capital goods sectors have been especially *buoyant, with groups* like mechanical engineering and electricals up by well over a fifth since the middle of last month. By contrast, most of the financials still look rather sick, although even the merchant banks and the clearers were beginning to show a turn of speed last week.

The optimism of the corporate sector has been *reflected* in another obvious fashion: the remarkable wave of takeover bids which has built up over the past month. The volume of *merger* business is a direct reflection of business confidence, and it seems clear that the *impact of the crash, which has* devastated sectors of the City, has not rippled far out into the company sector. *Companies have* had both the confidence and the cash to outbid investors in the marketplace, both for potential acquisitions and their own shares. There have been a number of agressive buy back programmes announced recently: *Mountleigh, for instance, plans* to buy in a tenth of its equity.

One *telling indicator* of the *changing mood has been the,* possibly brief, re-emergence of the dawn raid as a way of secur*ing* a foothold for a predator. When the market was shooting ahead, raids dropped right out of fashion since fund managers were only interested in getting *money into the market. After* the crash, precisely the reverse was true. Investors' main concern was to build up *their* liquidity, and anyone offering a premium for the privilege seemed like a fairy godmother.

But last week, the mood changed again as investors began to poke their heads above the trenches. The unknown raider on Blue Circle Industries was strikingly unsuccessful with an offer pitched a full 35 per cent above the previous day's closing price.

The bullish argument of the past week or two has been that corporate profits will continue to show double digit *gains* next year, that public sector finances are in very good order, and that *sterling, protected by high interest rates,* is nowhere near the eye of the currency storm. In the *circumstances, there are even* those who are beginning to suggest that the London equity market could be capable of decoupling itself from Wall Street, and of moving ahead independently under its own steam.

That view could well be tested *in the next month or two. As the* Christmas cheer begins to dissipate, it will be time to think *again* about the openness of the UK to the patterns of international trade, the importance of dollar earnings to so many UK companies, and the potentially dangers of a very rapidly expanding domestic economy.

Arabs may seek foreign military aid against Iran

BY FINN BARRE IN RIYADH AND ANDREW GOWERS IN LONDON

RULERS of the six conservative Arab states of the Gulf will today issue another appeal for urgent action to implement the United Nations Security Council resolution ordering a ceasefire in the Iran-Iraq war. They may also raise for the first time the possibility of seeking foreign military help in defending themselves against Iranian threats.

In a communique at the end of their annual summit meeting in *Riyadh, the leaders of the Gulf* Co-operation Council countries – Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman – are expected to reiterate their backing for Resolution 598, to condemn Iran for not accepting the ceasefire call, and at least by implication to urge *rapid moves towards a mandatory* UN arms embargo against Tehran. They will also formally endorse moves towards closer co-operation on defence and internal security.

The message is, as usual, a compromise between those states such as Saudi Arabia and Kuwait urging a tough line against the Iranians and those keen on con*ciliation such as Oman and the* UAE. However, it is likely to have a sharper edge than in previous years *following* repeated Iranian missile attacks on Kuwait and the riots by Iranian pilgrims in the Saudi holy city of Mecca last summer. It is designed to keep international attention focused on efforts to end the Gulf war at a time of escalating attacks on neutral shipping in the waterway – *including* a recent spate of strikes at Saudi vessels – and apparent preparations for a new land offensive by Iran.

Several of the Gulf leaders are particularly keen to support moves in the UN Security Council towards a global ban on weapons sales to Iran. This appeared to have come a step *closer last Thursday when the* Council, which is this month under Soviet chairmanship, issued a statement saying it was determined to consider further steps to ensure compliance with Resolution 598.

At their Riyadh summit, the Gulf leaders heard an unusually strong attack on Iran by Saudi Arabia's King Fahd, who said it was seeking *to export an alien revolutionary ideology by force.* Yesterday, they approved a joint security pact designed to combat internal subversion by Iran. Co-operation between the GCC states on security matters has in practice been close in recent years, but agreement on a formal security pact has been held up since 1982 by Kuwaiti objections to clauses allowing the cross-bor*der pursuit and extradition of* criminals.

The GCC leaders have also been discussing closer co-operation on defence. But King Fahd *admitted at the weekend that if* the war continued to escalate, the GCC might have to appeal *for assistance to foreign powers.*

The expected statement that *foreign military help is accept*able would open the way for closer co-operation with Egypt, following the resumption of diplomatic ties between the Gulf Arab states and Cairo since last month.

Iran, meanwhile, is showing no sign of moderating its pursuit of the war. An official budget for the year starting in March 1988 which was published in Tehran at the *weekend showed* an increased emphasis on domestic military production, including ballistic missiles and, for the first time, chemical weapons.

●Karen Fossli in Oslo adds: Norway has sent an official delegation to Kuwait, Bahrain, Oman and the UAE to discuss security arrangements for its merchant shipping in the Gulf.

Interim Tamil Nadu chief bids for power

BY K.K. SHARMA IN NEW DELHI

THE POWER struggle in the south Indian state of Tamil Nadu intensified yesterday.

After the death last week of Mr M.G. Ramachandran, the state's charismatic chief minister, his *interim* successor, Mr V.R. Nedunchezhiyan, declared himself as a contender for the post.

The election of the new leader of the All-India Anna Dravida Munentra Kazagham (AIADMK), *the ruling party in Tamil Nadu,* will be held later this week.

Indications are that intensive lobbying by the main contenders could irretrievably damage the organisation, which was dominated by Mr Ramachandran for 10 years.

Mr Ramachandran, *popularly* known as MGR, became Chief *Minister of Tamil Nadu in 1977* and had dominated the political scene since then.

A former popular actor who acted as the hero in more than 130 Tamil films, Mr Ramachandran was the idol of millions in the state.

His popularity and hold over the people of Tamil Nadu was evident when news of his death *after cardiac arrest* spread *last* Thursday.

At least two teenagers committed suicide and widespread violence broke out in Madras. Surging crowds smashed shop windows and set fire to buildings in anger and desperation.

Wild scenes of mob frenzy were witnessed again last Friday *when Mr Ramachandran was* buried in Madras's marina beach next to the grave of Mr C.N. Annadurai, his political mentor and the founder of the Tamil chauvinist movement that was the principal aim of the AIADMK.

Mr Ramachandran's *most* controversial actions during his political career were connected with *his support of* the *Tamil* movement for independence in Sri Lanka.

Hundreds of thousands of Sri Lankan Tamils found refuge in Tamil Nadu and a number of them were given military training in special camps in the state.

With the tacit support of the Indian Government, Mr Ramachandran provided help to the Sri Lanka Tamils, particularly the militant Tigers against whom the Indian army is now fighting in the island republic.

The *main* interest in Tamil Nadu will now be on the policy of its next chief minister on aid to *the Sri Lanka Tamils* since their future could hinge on this.

For the present, however, hardly anyone in Tamil Nadu is thinking about this because of *the power struggle* and the *need* to fill the vacuum created by the death of Mr Ramachandran.

Although Mr Nedunchezhiyan is one of the main contenders, he *has a number of* rivals.

UK motor industry's Japan ties

Continued from Page 1

the Japanese company says will *increase the value of planned* parts purchases in Europe in 1992 to $450m from $250m at current prices, provides opportunities for UK companies.

Lucas Industries, for example, which already supplies components, is thought to be close to a contract to supply the ignition system for the Bluebird model.

The expansion of Nissan pro*duction to 200,000 cars should* bring a sizeable chunk of new business for GKN's recently modernised Birmingham factory.

For the Dunlop subsidiary of BTR, already the sole supplier of steel wheels, the additional business, if won, could increase annual *output* by *more than* 20 per cent, from 4.6m wheels to 5.6m.

Dunlop's success with the Nissan contract must have been a factor in forging closer links with Topy International. It has pulled its wheelmaking activities *out of its automotive division to* form a separate subsidiary, Dunlop-Topy Wheels, in which the Japanese company has an equity holding approaching 20 per cent.

Dunlop, in addition to a cash injection, gains access to Topy's product design, tooling and manufacturing systems. *Dunlop has* already made advances using high-tensile steels favoured by the Japanese

World Weather

Natal death toll rises

Continued from Page 1

also tried to mediate.

In the police report of the latest violence in Natal one man was said to have been stabbed to death and decapitated.

At least four people, including a 10 year old boy, have been decapitated in recent months, according to the police.

In another incident in Natal arsonists set fire to a home near Pietermaritzburg, and an 80 year old woman and a seven year old child were burnt to death.

Most of the victims have died as the rival factions have sought to establish their exclusive control over the string of small kraals and townships which *stretch along the semi-rural* Edenvale valley.

But the devastating floods, which swept Natal three months ago, have added a new dimension to the conflict by causing the influx of thousands of poor, landless refugees into the area, intensifying the struggle for land, housing, jobs and other facilities.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday December 29 1987

Securitisation goes into reverse

BY STEPHEN FIDLER IN LONDON

DID SECURITISATION, the process of turning financial assets into securities which has dominated the world's capital markets for much of the decade, go into reverse in 1987 and is the basic business of banking reasserting itself?

These are the kinds of questions being asked by international bankers after a year in which a record $237bn of syndicated loans was arranged.

Traces of this trend were being discerned early in the year: the market in floating-rate notes had dried up as a source of finance for borrowers and a rocky period for the international bond markets was soon to follow.

October's stock markets' collapse led to an initial wavering among many banks. But most did not wait long, apparently deciding there was more opportunity than threat. The announcement this month of a £1.6bn takeover financing for Barker and Dobson, the UK sweet-maker which wants to swallow Dee Corporation, the far larger supermarkets group, seemed to confirm the view.

In the days before the crash, such deals were financed by share issues or, in the US, the flotation of junk bonds. In the last quarter of 1987, both markets had hard times.

Yet the decline of the stock markets has opened opportunities for companies which now spy good value in acquiring the assets of others. Banks, uniquely positioned with in-house credit assessment skills, are ideally suited to fill the financing gap. Such deals meet relatively rich rewards: the Barker and Dobson deal pays 1¾ per cent over Libor.

Not all corporate financing is rewarded so well. Indeed, it is hard to see how terms in certain sectors could get any tighter. Bankers admit to being ambivalent about the host of multi-option facilities which have been arranged this year.

This is partly because in many of the deals companies are simply refinancing existing credit lines which pay fatter interest margins. There have been various attempts by banks to make a stand against a further tightening of margins during the year. The most notable of these led to the boycott by British banks of a £1bn financing, £500m of which was committed, for BTR, the leading UK industrial conglomerate.

The facility fee on the deal was split, 2.5 and 5 basis points, and the fee paid to lead managers for underwriting £83.3m of the financing was a mere £8,333.33. The British banks made their point and the BTR financing has provided the floor for this year's UK deals.

That said, leading French banks, worried about losing relationships to foreign banks in the intense competition in the French market, are having less success in forcing up the returns on financings for French corporate borrowers.

Bankers do not expect fees and margins for the prime corporate borrowers to change much in 1988, but many expect more credit differentiation in the market. Many second-line companies have been borrowing at terms within a whisker of the top-rated ones.

If the trend in the corporate sector has been to tighter pricing, the reverse must be said of syndicated lending to sovereign borrowers. Here, for the most part, many countries have had to pay wider margins this year than last.

With corporate lending providing the focus of activity, lending to states – or more usually state entities – provided most of the year's syndication difficulties, particularly if they were to borrowers in southern Europe. There was even resistance to a $1bn refinancing for Electricite de France.

The syndicated financing of the year was undoubtedly that arranged by Morgan Guaranty for $5bn for British Petroleum. The market provided the money in five business days to finance a $7.4bn tender offer for the 45 per cent of Standard Oil it did not already own.

In what was seen as proof of the market's potential, 64 banks agreed to commit $15bn to the financing. There were questions about whether this was a sign that the ⅛ point margin and ⅛ per cent facility had been too generous.

The Eurocommercial paper market too has had a remarkable year. Although the number of new programmes arranged fell, the amount of outstanding paper – the market's most important yardstick – rose considerably.

Outstanding Eurocommercial paper had risen to $33.6bn at the end of September from $15.2bn at end-1986, while the volume of commercial paper, Euronotes and medium-term notes combined grew to $53.8bn from $29.4bn.

Despite the hesitancy about some corporate borrowers since the stock market crash, the top-rated borrowers in the market have benefited from a flight to quality among investors. Central banks too, heavily intervening to support the dollar, buoyed this sector of the market in the last quarter.

The segregation of the market has become more marked. At the one end there are top-rated sovereign borrowers achieving ever deeper discounts to interbank rates, largely because rates are compared with the US Treasury bill market. At the other are those weaker corporate names, of whose paper the banks are the only buyers. This means rates at which they can issue are stuck firmly above Libid.

All this has reinforced the importance of ratings to borrowers, one strand in a number which are pushing the Euro-CP market closer to US market practice.

Everybody now admits that firm placement of paper is the main market aim. The problem with the lack of the secondary market is that the investor who needs to sell back paper has to trust the prices given by the dealer when there is no yardstick to keep the dealer honest.

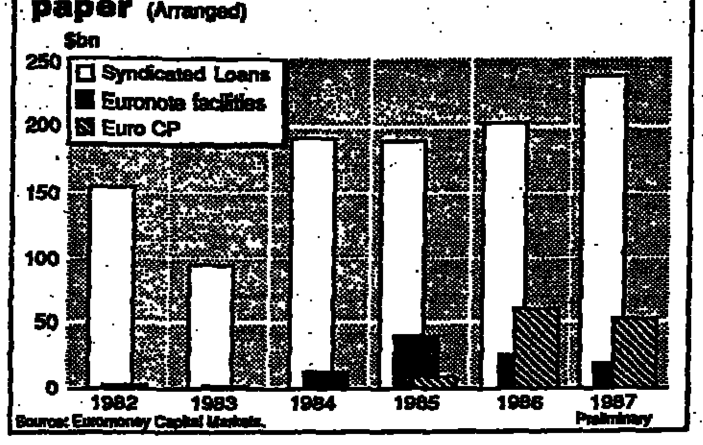
While there is no secondary market in commercial paper in the US average maturities there are far shorter.

The real problem is that the secondary market sends messages which borrowers and dealers, working on tiny margins, do not want to hear. Yields are invariably higher in the secondary market than in the primary market, and the attempt to legislate it out of existence is in the long tradition of messenger execution.

In some senses, 1987 has seen the start of the long-expected shakeout of dealers in the Euro-CP market. It is clear that many dealers have quietly reduced their efforts in the business. Few firms have pulled out of the business as noisily as Salomon Brothers, which also decided to withdraw from the US commercial paper market.

Salomon's surprise decision leaves more of the pie for the other leading dealers, which have become easier to identify in the last year. That said, the market still offers slim pickings.

Eurocredits, notes & commercial paper (Arranged)



Source: Euromoney Capital Markets.

New dimension to old problems

BY CLARE PEARSON IN LONDON

AT LEAST nobody was expecting 1987 to be a good year for the Eurobond market.

In January, everything pointed to consolidation after the record growth of the two previous years: the dollar was still falling, interest rates looked set to reverse their long-term decline, and the amount of paper apparently stranded on underwriters' books showed issuers had already far overestimated investors' demand for new Eurobonds.

However, that was still reckoning without a severe crisis in the financial markets associated with the October stockmarket crash, which sent the already fragile Eurobond market reeling.

In a research paper in February, Salomon Brothers predicted that new issue volume should remain "at or near" 1986 levels. In fact it has fallen to $143bn, according to IDD Information Services' preliminary figures.

If the market were made up purely of straight debt instruments, that would look like remarkable resilience during a year that has seen interest rates rise for much of the time and a breakdown of confidence in international efforts to stabilise the dollar.

But the figure partly reflects the strength of equity-related sectors during the first nine months of the year which disappeared after the world stock markets crash.

Japanese bonds

A seemingly endless flood of Japanese equity warrants bonds then poured forth from the Japanese securities houses. Meanwhile, any US or European house that was not busily putting together a capacity to issue convertible bonds for companies in other countries was deemed to be missing the boat.

However, the picture is not entirely gloomy. Convertibles for better-regarded issuers could now look attractive at current levels – so long as world share markets do not fall further, that is – since they provide downside protection while allowing the investor to participate in any upward movement in the underlying shares.

Meanwhile, the effects of the crash on the market for equity warrants bonds for Japanese companies have not been as dire as might have been expected.

Although foreign investors are skittish of the Tokyo equity market, Japanese investors appear to think it is going up, so they have been buying warrants enthusiastically.

This means that, after a three-month respite from issuing equity warrants bonds, the Japanese securities houses could meet a favourable response to any issues they may bring in the new year, specialists believe.

Indeed, the current condition of the market is in sharp contrast to its state during the mid-summer. Then, Nomura International took the unusual step of calling a moratorium on new issues – which was overridden by the other Japanese securities houses – as new equity warrants bonds traded as low as 10 points below their issue prices, reflecting oversupply and a sharp fall in Tokyo share prices.

The equity-related sector aside, the stockmarket crash added other new dimensions to the Eurobond market's existing problems.

Liquidity pressure

It further diminished the market's liquidity, as the extreme volatility of the US Treasury market in the immediate aftermath of the crash made hedging through selling US Treasuries short impossible. It also increased credit concerns, so bonds for lower quality borrowers became less attractive to trade.

The liquidity problems of the fixed-rate market had already been highlighted in July, at the time of the US Treasury's decision – later reversed – to end its tax treaty with the Netherlands Antilles.

This triggered panic in the Eurobond market because for a while it looked as if bonds issued by offshore units of US companies would become liable to withholding tax on interest payments. Many dealers simply stopped quoting prices in the affected issues at this time.

Probably the most abiding effect of the stockmarket crash has been to underline the extent to which Eurobonds split into two types: large issues for sovereign-backed credits – which trade as surrogate government bonds – and the rest of them, which meet much less regular demand.

Since the crash, demand from non-US investors seems to have been centred almost solely on the former. However, US investors have been mopping up some of the bonds for US corporates whose yield differentials relative to US Treasury bonds widened dramatically in reaction to the crash.

But the Eurodollar new issues market has been overwhelmingly reliant this year on the reinvestment needs of those funds already invested in dollars, who do not wish to admit to their currency losses, which they would have to do if they moved into another currency.

This has forced Eurobond new issue houses to price new issues according to the secondary market: a beneficial move, apart from the fact that they have usually also had to subsidise swap rates to achieve pricings acceptable to both investors and issuers.

But if the fixed-rate market has had to be handled gently, the floating-rate market would seem to have died a death during the year. Barely a conventional FRN has appeared in the new issues market; a far cry from 1986, when the UK was able to issue a $4bn FRN at a cost of borrowing below London interbank bid rate.

The trouble began with a well-publicised crisis of confidence in the perpetual sector – so-called, because it was made up of undated instruments mostly launched by banks to raise capital – at the end of 1986, which quickly spread to the market for fixed-term instruments, itself heavily overloaded with tightly priced issues.

Even rising interest rates in the late summer, enhancing the capital protective attractions of FRNs, failed to revive the new issues market. Instead, syndicated loans – FRNs in non-securitised form – seem to have been enjoying a new lease of life in the last quarter of the year.

The year saw a number of unsuccessful attempts at absorbing perpetual issues which became untradeable after confidence fell out of the market in December 1986.

The most notable of these was an offer to exchange $1bn worth of perpetuals for fixed-term securities, launched by J. Henry Schroder Wagg, the UK merchant bank, in July. At the time this was thought to be the most hard-hitting attempt, since it addressed the problem of capital requirements.

Fear among Japanese banks, the main holders of the perpetuals, that they would soon have to deduct from their own capital their holdings of other banks' undated FRNs was thought to have been a major fuel of the perpetuals crash.

But the offer lapsed without any tenders having been received. This month, the Bank for International Settlements has produced new guidelines on banks' capital adequacy, making clear it does not recommend the policy of deducting all holdings of other banks' capital notes from the basic level of capital required of banks.

The decline of both the fixed and floating-rate Eurodollar sectors has sent issuing houses looking for opportunities in other currency sectors.

Austalian dollar

One of the most fashionable sectors has been the Australian dollar market, feted as a strong "recovery buy" under Mr Bob Hawke's Labor administration.

Borrowers rushed to take advantage of attractive swap opportunities, while retail Continental investors, in particular, were lured in by double-digit coupons.

However, as coupons fell from around 15 per cent at the beginning of the year to about 12½ per cent in October, investor interest diminished.

The Euroyen market also saw rapid growth in the first half of the year. This was largely fuelled by domestic Japanese demand, spurred on by the wide yield differentials between Euroyen and Japanese government bonds at the start of the year.

UK GILTS

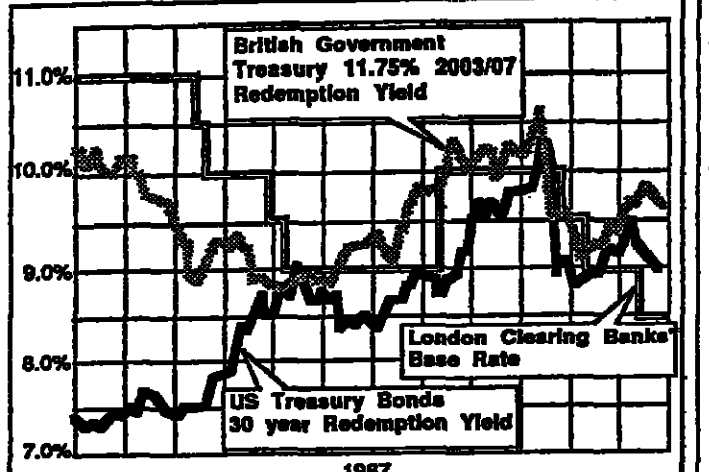
A meaner if not leaner working environment

THE EFFECT of a year in the new gilt-edged market had one of its distinguished commentators and operatives wondering what it would be like to live on a farm in Scotland.

The problem wasn't profitability – he joked that since October 19 his company's gilts operation had become a profit centre. It was just that in the halcyon days before Big Bang the marketplace was a little more civilised, the hours tolerable, and the pace of life comfortable.

The antithesis now applies.

The past year has shown that the market is now *a meaner*, if not a noticeably leaner, environment in which to operate. A market maker earns little or no income from his role as an intermediary; his profits come from the trading view he adopts and the risks are such that there are limits to any view no matter how soundly based.



Two withdrawals and one *amalgamation later, there are* still 24 market makers in gilts. It is a strange fact that while the capital dedicated to gilts has risen more than six-fold, it is understood profits have fallen from about £40m pre-Big Bang, to losses of about £50m prior to the collapse in share prices during and after October.

As for an acceptable return on capital, few could justify their existence if the future held little chance of a significant reduction *in the number of participants.*

But money woes aside, most, from the Bank of England down, are fairly pleased with the way things have gone. From the Bank's point of view the new system works well at an operational level; dealing costs have been reduced, the speed of execution has increased and turnover has risen dramatically.

"I think the market behaved itself remarkably well given the nature of the revolution it went through," Mr Gavyn Davies of Goldman Sachs says. "It coped successfully with a very active funding periods, and coped well with exceedingly large price movements."

Although the client has been the biggest beneficiary of the new market structure because his dealing costs have fallen, some feel he has lost out in other areas.

"The general quality of the advice clients receive has gone down," says Mr Michael Hughes of Barclays de Zoete Wedd. "This is partly to do with new inexperienced players in the market but also because many of the *ideas that were formerly transmitted* to clients are now being exploited in-house."

The new market has also suffered from the static generated by official policy moving in different directions. This has led to conflicting signals being transmitted – often to the cost of market makers.

"What we have seen this year is conflict between the Treasury and the Bank," says Mr Richard *Jeffrey of Hoare Govett*, "and this was no better illustrated than on August 6 when base rates were increased. The Bank had cut dealing rates the day before. After the Treasury decided to raise base rates, the Bank and the market were left wrong-footed."

There were essentially four phases to the gilt market over the past year: a bull run up to the June election; a bear phase from that time until the October crash in share prices; a short-lived bull market that followed and was based on a flight to quality; and a return of a bear market (which may be ending) prompted by generalised disillusion over monetary policy and *fear of inflation.*

If that is an adequate description of the cycle this year then it lacks one important component – the foreign investor. In the space of one year, the market for the British Government's debt has become truly international. More than that, this year it was the foreign investor, not the local one, who funded the Government's public sector borrowing requirement.

In the year to the end of October the Bank of England issued a net £3,629m of gilt-edged stocks. During the same period, foreign investors purchased a net £5,730m of gilts, while domestic insurance companies and pen*sion funds sold a net £1,840m. In* the financial year to the end of October the Bank issued a net £4,403m of stock. The foreign investor bought a net £4,940m, while his domestic counterpart sold a net £124m.

"The post-election wall of money did in fact arrive," says Mr John Shepperd of Warburg Securities. "There was a view that the foreigner had pulled out. What happened was that domestic investors were enthusiastic sellers of gilts so foreign demand ran into strong non-official supply of stock."

It is not hard to see why gilts were so good for the foreign investor; he was able to lock in *high nominal yields* and benefit from an appreciating currency. For the foreigner, gilts were the best performing bonds of all.

As Credit Suisse First Boston pointed out recently, a US investor in 10-year gilts, who accepted the currency risk, achieved a 43 per cent rate of return over this year, while a West German investor achieved a 20 per cent rate of return.

"The diversification of bond portfolios worldwide will benefit gilts next year," says Mr Stephen Lewis of Phillips and Drew, "as they represent a lower proportion of foreign holdings than do government bonds of other markets."

Like many of our forecasters, he believes domestic institutions will also devote more of their cash flows to gilts in 1988, which should have a beneficial effect on yields. But he is the most bullish of our forecasters on base rates and long-term interest rates next year.

The main assumption underpinning these forecasts is that the combination of higher domestic demand for gilts together with a modest official funding requirement will meet waning inflation expectations. *This will lead to lower gilt* yields. Base rates will be cut to take pressure off an appreciating pound.

It is perhaps indicative of the uncertainty surrounding the outlook next year that Mr Lewis, and Mr Tim Congdon of Shearson Lehman, can produce forecasts so at variance with the others surveyed.

Most believe that base rates will remain at current levels *until next spring's Budget*, because developments in the economy will not appear to require an increase (most are also confident that there will not be a sterling crisis in the New Year), and partly because base *rates tend not to rise before a* Budget is brought down.

In the second half of 1988, there will be incremental rises in rates, but gilts should benefit from a growing awareness that recession is likely in 1989. This should override concerns with inflation which, in the UK's case could be explained by increased mortgage interest rates flowing through to the RPI.

In presenting his views on 1988, *one of our forecasters* said they were offered on the basis that "economists are sometimes in error but never in doubt." Post October 19, there seems to rather more room for the latter than there has been in previous years.

Simon Holberton

HOW THE ANALYSTS SEE 1988

	BZW	Warburg	P&D†	Shearson	Goldman	HG*	Ave.
BASE RATES (%)							
March	9.5	8.5	7.0	10.0	8.0	8.5	8.5
June	10.0	9.5	7.0	12.0	9.0	8.5	9.3
Dec.	8.0	9.5	8.0	12.0	9.5	9.5	9.4
LONG GILTS (%)							
March	10.0	9.5	8.8	9.75	9.2	9.25	9.41
June	9.0	9.25	8.4	10.5	9.2	9.0	9.22
Dec.	8.5	9.25	8.2	10.5	10.0	8.5	9.15
RPI (%)							
March	4.25	3.5	3.4	4.3	3.2	3.5	3.7
June	5.0	4.0	3.6	5.1	3.6	4.5	4.3
Dec	5.0	4.8	4.1	6.4	4.0	4.7	4.7

†Phillips and Drew; *Hoare Govett

Elders takes control of NZFP

BY OUR FINANCIAL STAFF

ELDERS IXL, the Australian-based brewing, agribusiness, and financial services company, has acquired a controlling interest in New Zealand Forest Products (NZFP) and proposed an A$1bn merger of the New Zealand company with its Elders Resources unit.

The merger would create one of the biggest companies in Aus*tralia and New Zealand*, with assets of more than NZ$3bn and interests in forestry products, mining and oil.

The proposal follows a move by Elders, headed by Mr John Elliott, to acquire 19.9 per cent of *Rada*, a New Zealand investment company that owns 44 per cent of NZFP. Elders said it also had options over about 40 per cent of Rada's shares, which would lift its holding to 60 per cent of Rada.

Much of Elders' stake in Rada was acquired from Goodman Fielder Wattie, Australasia's largest food company, for a price described by Elders as nominal.

Rada was hit hard financially by the October stock-market *slump and Elders has agreed to* "assist Rada through its current difficulties."

The forest products merger would be structured as an offer by NZFP for Elders Resources, which is 47 per cent-owned by *Elders IXL, at A$2.50 cash* a share or four NZFP shares for every five shares in the Elders unit.

If the proposal succeeds, the merged company will retain the Elders Resources name, and Mr Elliott will be chairman.

Mr Geoffrey Lord, managing director of Elders Resources, will retain that position in the merged concern. He said the merger would bring together significant resources assets in gold, *forest products and oil* supplemented by substantial service and marketing businesses.

Mr Elliott said the merger would "create a major trans-Tasman natural-resource business, which would be large enough to be a *powerful international* competitor."

The merger, which requires government approvals, also gives Elders IXL access to NZFP's 15 per cent stake in North Broken Hill Holdings, a major Australian *mining company.*

Elders did not comment on its plans for the holding in North Broken Hill, which last week agreed to a merger with Peko-Wallsend.

Separately, the Australian Government has put a 90-day prohibition on a proposal by NZFP to raise its stake in North Broken Hill to 19.9 per cent.

The order under the Foreign Takeovers Act gives regulators time to further consider the proposal *in the light of* North Broken Hill's merger with Peko-Wallsend, the government said.

John Elliott: complex deal

Saab-Scania in talks with Mazda

By John Griffiths

SAAB-SCANIA, the Swedish car, *truck and aerospace group, has* acknowledged that "certain contacts have taken place" with *Mazda*, the Japanese car maker 25 per cent owned by Ford.

But Mr Georg Karnsund, Saab-Scania's president, said that "no negotiations have taken place aiming at an agreement on co-operation between Saab-Scania and Mazda." He declined to elaborate.

Saab's statement came in the wake of several reports from Japan quoting Mazda, during its press conference on this year's financial results, as saying that the companies had been discussing possible collaboration.

Commenting on the reports, Prof. Krish Bhaskar, head of the Motor Industry Research Unit based at University of East Anglia, pointed out that "virtually all manufacturers are talking to each other now." However, he said, "the business logic for links between Saab and Mazda would be unshakeable.

"Both want to keep their independence, and Mazda particularly is fearful of being sucked into Ford.

"Mazda is a producer of volume cars and is actively looking for ways of acquiring a luxury image. It has also been looking for a European production base before the EC market harmonisation becomes effective in 1992, and Saab's spare capacity at its new factory could easily provide it."

The benefit for Saab, he suggested, would be access to a second, smaller and Mazda-based model to fill at low cost the gap left in its range by the demise several years ago of the Saab 90.

Mazda is a potentially attractive partner because of its strong existing sales base in Western Europe.

Cable TV group sold for $2bn

BY RODERICK ORAM IN NEW YORK

A CONSORTIUM of three cable television companies has agreed to pay around $2bn for SCI Holdings, *reaping hefty profits for* Kohlberg Kravis Roberts which took the fourth largest US cable televison operator private in a leveraged buyout two years ago.

In addition to the purchase of SCI's equity, the partners, American Television & Communications, Comcast and Taft Cable Partners, will assume SCI's debt totalling about $2bn but they are also likely to be able to tap some $1bn of cash in SCI's treasury.

It is the largest transaction ever in the US cable television industry, topping the $1.6bn purchase of Westinghouse Electric's Group W Cable subsidiary in 1985. The partners have yet to work out the structure of their consortium *but it is believed* they will keep SCI's operations separate from their own individual operations. They will pay between $9.25 and $9.75 for each of SCI's 212m shares.

The SCI system covers 1.45m subscribers *in 12 states*, predominantly in the southeast. The partners are paying net about $2,000 per subscriber, some $200 less than KKR had hoped but in line with other recent transactions in the industry.

The price is equal to about 12 times SCI's cash flow, again typical of recent deals. KKR had broken off negotiations with the same group of companies earlier *this year because they would not agree to a higher price which it* had asked initially.

The leveraged buyout specialists had taken Miami-based Storer *Communications private in* 1985 for $2.4bn and renamed it SCI Holdings. KKR had already spun off six of seven SCI broadcast tekevision stations earlier this year into a joint venture between KKR and Gillett Holdings, a closely held Tennessee company. Once the latest deal has been completed, analysts believe KKR will have reaped about five times its initial equity investment in the buyout.

Lower sales and high yen hit Isuzu Motors

BY IAN RODGER IN TOKYO

ISUZU MOTORS, the leading Japanese commercial vehicle maker, suffered a huge operating loss of Y15.6bn ($123m) in the year ended October 31 because of a decline in sales and the impact of the high yen on export margins.

In the previous year, the company made a Y2.36bn profit at the operating level. Thanks to sales of securities, the company, in which General Motors of the US has a 38.6 per cent interest, reported a pre-tax profit of Y837m in the latest year, compared with a loss of Y2.08bn in the previous year.

Because of a Y15.2bn extraordinary profit on the sale of a plant and securities, net income was Y9.4bn compared with a net loss of Y3.9bn in the previous year.

Sales fell 10.2 per cent to Y909.9bn. The company said the fall was due to sluggish exports caused by the yen's appreciation against the US dollar and to slow shipments of small trucks.

Sales of large and medium sized trucks on the domestic market were brisk but exports of trucks and passenger cars fell 23.1 per cent in value and 13.5 per cent in volume. Two thirds of the company's sales come from exports.

The company, which has not paid a dividend since 1983, said it expects its pre-tax profit in the current year to reach Y10bn without selling assets. However, the projection is based on the assumption that the dollar will be worth on average Y130 during the year.

Hero agrees purchase of Herschi

By John Wicks in Zurich

HERO, the Swiss foodstuffs group, has reached agreement on the acquisition of Herschi, the Dutch soft-drinks producer, from the Schiffers group. The pur*chase is back-dated to January 1* of this year.

Herschi expects 1987 sales of some Fl 85m ($46m), which would bring Hero's Dutch turn*over to* more than Fl 250m. Herschi sales are likely to increase *noticeably when an addition to* its Hoensbroek soft-drinks plant comes on stream in March.

Hero sees the takeover as an important strengthening of its presence in the Benelux area, since *Herschi's* Hoensbroek unit already exports substantial quantities to Belgium.

Record counterbid for Belgian insurer

BY WILLIAM DAWKINS IN BRUSSELS

GROUPE AG, Belgium's second largest insurance company, has launched a BFr7.44bn ($217m) counterbid for control of Assubel-Vie, the country's third largest insurer, in an attempt to fight off a French takeover offer.

The bid, for 51 per cent of Assubel's equity, represents the largest ever sum formally offered for a Belgian insurance group and is likely to be hotly contested.

It comes in response to an an agreement in principle announced last week by Groupe des Assurances Generales de France, the French nationalised insurer, to buy 20 per cent of *Assubel's shares for an undis*closed sum. A majority of Assubel's 20-man board supports the French offer, including Baron Gaston de Gerlache, the Belgian company's chairman.

However, several powerful Assubel shareholders, including Societe Generale de Belgique, owner of 10 per cent of the equity and the country's largest holding group, are understood to support the AG counter-offer.

If successful, the AG bid would create a merged group that would surpass Royale Belge as Belgium's largest insurance company. Also at stake are national sensitivities over the increasing number of takeover attempts being made for Belgian compa*nies – especially in insurance –* by foreign predators during what has been a record year for takeovers in the country.

Earlier this year, Royale Belge itself *narrowly* escaped falling prey to Axa, the Paris-based insurance group, and had to rely on help from Groupe Bruxelles Lambert, the leading Belgian holding company, to fight off the invasion.

It is a reflection of these pressures that AG is offering a heavy premium for Assubel. At least half of AG's offer price of BFr6,000 per share represents goodwill, an unusually high proportion for insurance company takeovers.

That compares with the *BFr2,500 to BFr3,300 per share* at which Assubel was planning to sell its own shares in a planned stock market flotation earlier this year, aborted because of the Royale Belge takeover battle.

AG said a merger with Assubel would reinforce their complementary activities, create a powerful Belgian force on international markets and make it easier to forge links with "non-dominant" foreign partners.

The two main powers in Assubel's ownership are a block of three Belgian institutional investors – including Societe Generale – which hold just over 20 per cent and Assubel itself, which holds 36 per cent of its own *shares through affiliates* and subsidiaries.

Bid for CADCAM concern

By Our Financial Staff

PRIME COMPUTER, a leading US minicomputer manufacturer, has made an unsolicited offer to buy Computervision, manufacturer of computer-aided design and manufacturing (CAD/CAM) systems, for about $390m in cash.

Prime said it offered $13.50 a share for Computervision's 29m outstanding shares. Computervision stock closed on the New York Stock Exchange at $9 on Thursday, the last trading day before the weekend bid.

Mr Joe Henson, Prime's president, said in a letter to Mr Robert Gable, Computervision president, that the bid was twice the target company's book value and 26 times its trailing 12 months earnings. Computervision, which like Prime is based in Massachusetts, has declined to comment on the offer.

In his letter, Henson said the combined company would have $1.5bn in annual revenues and more than $100m in operating income.

After a 1986 loss of $5.8m, Computervision returned to profit this year with nine months earnings totalling $11.4m, or 39 cents a share.

But the company received a serious blow in November when General Motors, one of the world's largest users of CAD/CAM equipment, announced it would standardise using equipment made by Cadam and McDonnell Douglas.

Sumitomo Life to invest more in Europe

By Our Tokyo Correspondent

SUMITOMO LIFE Insurance, Japan's third largest in terms of assets, will reduce its investments in US and Canadian dollar instruments from 80 per cent to 70 per cent of its total overseas portfolio by the end of March, 1988, and will place more of its investment funds in European markets.

Two weeks ago, Mr Yasuhiko Ueyama, president of Sumitomo Life, said the company would suffer an overseas asset appraisal loss of Y200bn in the year to March, 1988 if foreign exchange and stock markets stayed at current levels. Sumitomo had a Y304.4bn appraisal loss in the year to March 1987.

Wood Gundy deal dropped

By Our Financial Staff

FIRST CHICAGO, the Illinois-based banking group, said its First National Bank of Chicago subsidiary has terminated by mutual agreement its contract to purchase a 35 per cent interest in Wood Gundy, the major Canadian investment dealer.

First Chicago gave no reason for ending its $200m contract. However, the bank had said on October 29 it was reassessing the June agreement due to the British Government's decision to proceed with its issue of British Petroleum shares despite the stock market crash. Wood Gundy was committed to underwriting half of the C$770m issue.

US MONEY AND CREDIT

Economic policies come home to roost

ANY REVIEW of any year in a financial market is sure to describe some remarkable happenings and any attempt to predict trends in the coming year is *always fraught with risk*. But 1987 really was an extraordinary year and forecasting 1988 is abnormally difficult.

The reason? The consequences of the Reagan Administration's economic policies have finally come home to roost. In 1987, the unprecedented collapse in global equity prices during October did what the earlier crash in bond prices failed to do: wake US policymakers and the American public up to the gravity of their problems.

The financial markets forced the realisation that US policy was hamstrung by its enormous trade and budget deficits, that throwing money at the foreign exchange markets would not stop the dollar falling, that foreign investors in US Inc may not be prepared to go on sustaining enormous losses on their US portfolios and that US consumers could not go on saddling themselves with debt on the strength of unrealised paper profits made on the stock market.

The thumbs-down from market forces has not substantially changed any of these problems. The biggest shock to the international financial system in living memory has so far produced cosmetic cuts in the budget deficit and a vapid restatement by the Group of Seven of old, and substantially failed, policies to support the dollar and further economic cooperation

No wonder there is no consensus in economic forecasts for 1988. Whether through wishful thinking or blind faith, both bond and stock markets ended *1987 on a hopeful note for* entirely opposite reasons.

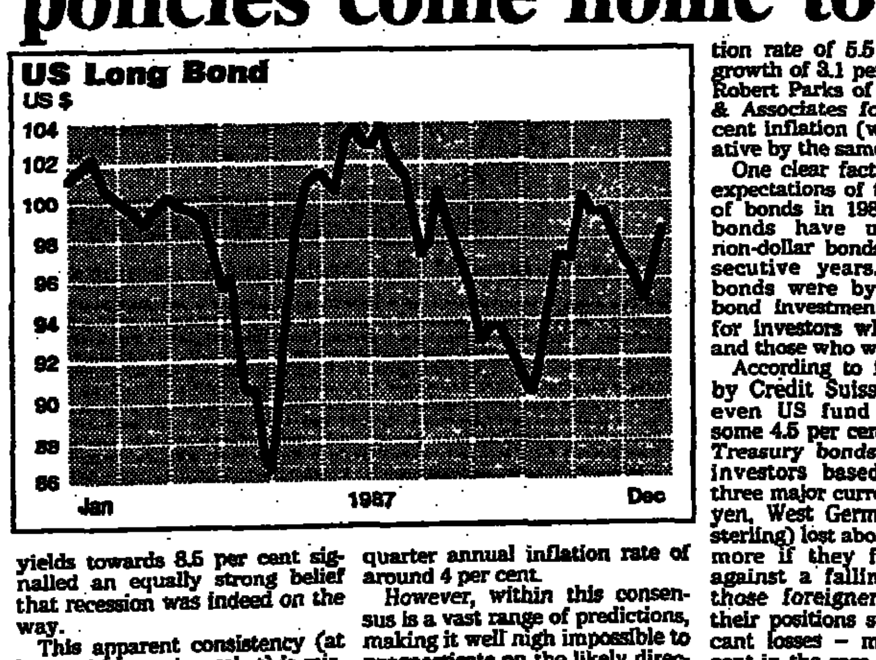
The equity market seemed to be satisfied that economic growth would prove robust in the face of the October crash and that the Dow Jones Industrial Average would profit from a rush of new investment in January.

Bonds also ended the year to Christmas on an optimistic note, hopeful that the economy will do badly as consumer spending slows and that inflation will remain subdued.

Inflation psychology improved remarkably in the last couple of weeks before Christmas, partly because of the sharp fall in crude oil prices after yet another inconclusive meeting of the Organisation of Petroleum Exporting Countries and partly because of hopes the dollar is near bottoming out.

No-one could blame bond traders for wanting to go home for the Christmas festivities in a buoyant mood after a more than usually difficult year but the market did seem far too easily pleased by the vague and completely predictable Group of Seven statement.

These alignments of sentiment in both markets correspond with the dominant mood in the immediate aftermath of the crash. Then, too, the equity market seemed surprisingly confident there would be no recession while a fall in long-dated bond yields towards 8.5 per cent signalled an equally strong belief that recession was indeed on the way.



This apparent consistency (at least within each market) is misleading. Between the two periods in question (early November and late December), both equity and bond markets *completely* reversed their view of economic prospects. Equities started testing new lows as fear of a recession revived while bond yields headed for 9.5 per cent as concern about inflation intensified and talk of Fed tightening dominated the market.

The truth is, nobody knows what 1988 has in store. The consensus forecast is for real gross national product growth of a little below 2 per cent and a fourth quarter annual inflation rate of around 4 per cent.

However, within this consensus is a vast range of predictions, making it well nigh impossible to prognosticate on the likely direction of interest rates and bond yields.

Most bullish (or bearish as far *as bonds are concerned*) on growth is Mr David Levine of Sanford C Bernstein who is going for 5.5 per cent GNP growth next year. At the other end of the scale is Mr John Langum of Business Economics who *is going for negative growth of* 3.5 per cent.

The spectrum of inflation forecasts is less dramatic but wide nonetheless. Mr Gordon Pye of Irving Trust is the most pessimistic with a fourth-quarter inflation rate of 5.5 per cent (with growth of 3.1 per cent) while Mr Robert Parks of Robert H Parks & Associates forecasts 2.0 per cent inflation (with growth negative by the same percentage).

One clear fact should underly expectations of the performance of bonds in 1988 – that dollar bonds have underperformed non-dollar bonds for three consecutive years. US Treasury bonds were by far the worst bond investment in 1987, both for investors who were hedged and those who were not.

According to figures provided by Credit Suisse First Boston, even US fund managers lost some 4.5 per cent on 10-year US *Treasury bonds in 1987 while* investors based in the other three major currencies (Japanese yen, West German D-Mark and sterling) lost about 20 per cent or more if they failed to hedge against a falling dollar. Even *those foreigners who hedged* their positions sustained significant losses – more than 7 per cent in the case of Japanese and West German investors.

Given these losses, coupled with the severely negative psy*chological effect of October* and enduring bearishness about the dollar, one could hardly expect a rush back into US paper.

The optimists, however, point to the fact that, at nearly 9 per cent, long-dated US Treasury bond yields are *historically* high and offer a substantial risk premium over the 4.5 per cent trend rate of inflation.

Uncertainty about the dollar's prospects has become customary and next year will be no different. *Few expect the G7 to* control movements on currency markets by words alone anymore than they succeeded in 1987. The dollar's fate will, finally, depend on a perception in the market itself of its fundamental value.

A sea change is taking place in the economy beyond the immediate outlook for inflation, growth and trade performance, as the same industries decimated by the overvalued dollar of the early 1980s start to react to the currency's huge devaluation in the last couple of years. The US export performance, so crucial for the trade deficit and growth, will depend on the ability of export-oriented companies to rebuild adequate capacity and control their output prices.

Much, too, will depend on the performance of overseas economies and the psychology of investors outside the US. What would be the effect if the Tokyo stock market, still vastly overvalued on any traditional analysis, were to crumble? How will it affect US exporters, competitive as they now seem to be, if West Germany were to slide into *recession?*

In the short-term, forecasters will be dogged by the post-crash debate. The inflation/deflation divide is neatly summed up by the Janeway Letter, a weekly investment circular, who term it "The Ongoing Flation Riddle."

It is still too early for official statistics, notoriously inadequate indicators at the best of times of what is actually going on in the economy (particularly trade figures which are not seasonally adjusted), to provide evidence of the post-crash state of the economy.

Until that evidence emerges, the US Federal Reserve has no choice but to keep monetary policy on hold. While the Fed is hamstrung by uncertainty about economic trends, the Administration will have its hands tied for most of next year (as it has arguably for much of this year) by political uncertainty in presidential election year.

Janeway says: "Markets travel with an eye on what governments seem likely *to do for or to* them. For now, the government has stopped promising or threatening to do anything. But it is busily paying lip service to cliches that originated in the financial markets. So the *absence of action behind all* the bustle is freeing the financial markets to do what they want to do."

Janet Bush

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.75	6.81	6.79	11.34	5.98
Three-month Treasury bills	5.76	5.90	5.71	7.17	5.63
Six-month Treasury bills	6.40	6.40	6.20	7.65	5.38
Three-month prime CDs	7.70	7.80	7.45	8.28	5.88
30-day Commercial Paper	7.90	8.05	6.73	7.78	5.75
90-day Commercial Paper	7.65	7.80	7.32	8.85	5.65

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	104¼	+½	8.66	8.68	8.89
20-year Treasury	103⅝	+½	8.96	8.99	9.30
30-year Treasury	99⅝	−½	8.92	8.90	9.14
New 10-year A Financial	NA	NA	10.05	10.13	10.25
New AA Long utility	NA	NA	10.00	10.00	10.30
New AA Long industrial	NA	NA	9.90	9.90	10.30

Source: Salomon Bros (estimates).

Money supply: In the week ended December 14 M1 fell by $4.0bn to $750.9bn.

NRI TOKYO BOND INDEX

December 1983 = 100	17/12/87	Average yield (%)	Last week	12 wks ago	26 wks ago
		PERFORMANCE INDEX			
Overall	139.44	4.72	138.78	132.13	139.25
Government Bonds	140.16	4.36	139.44	131.71	141.82
Municipal Bonds	140.30	5.19	139.77	132.39	139.06
Govt.-guaranteed Bonds	141.50	5.21	140.79	133.23	139.87
Bank Debentures	134.57	4.46	134.41	130.37	134.05
Corporate Bonds	138.83	5.41	138.02	132.78	137.51
Yen-denom. Foreign Bonds	139.99	6.54	139.12	136.78	139.51
Government 10-year†	–	5.16	5.26	6.27	4.27

† Estimated par yield

Source: Nomura Research Institute

UK COMPANY NEWS

Clay Harris considers a Christmas tradition and finds a myth

Tidings lacking comfort and joy

COMPANY ANNOUNCEMENTS during the Christmas period are often not tidings of comfort and joy.

At a time when more celebration-bleary eyes are glued to holiday specials on television than to the Stock Exchange's Topic screens some companies have been issuing less-than-happy statements.

The Christmas Eve announcement by Anglo Nordic Holdings that it was withholding its preference dividend could be interpreted as being in this tradition, as could last Wednesday's disclosure after the market-close by Trilion of huge pre-tax losses and a capital injection by several shareholders.

However, even though the delivery of bad news late on Christmas Eve – a day on which "late" means before 1pm, when the Stock Exchange's company announcements service closes – is part of City lore, the tradition is largely apochryphal.

Good news and bad news comes throughout the year, large companies know that inconvenient timing will only delay the inevitable scrutiny and small ones learn that the lack of corporate activity over the holidays may backfire and produce over-large headlines for that carefully hidden story.

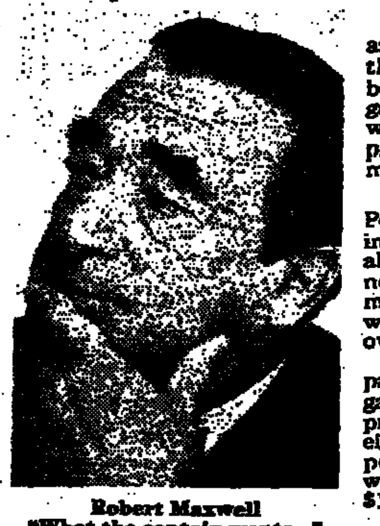
One holiday ritual which does seem to be waning, however, is the inconveniently timed company meeting. Its days were numbered in the early 1980s when the most famous practitioner, Mr Harry Hyams, switched the annual meeting of Oldham Estate – now taken over by MEPC – from the traditional New Year's Eve to April.

C.H.Bailey, Welsh shiprepairer and engineer, made a valiant effort to revive the tradition three years ago with a five-hour knock-about meeting in Cardiff's Bute Dry Dock on New Year's Eve. By this year, it had reverted to a more sensible December 18.

This year there will be two held on New Year's Eve and both companies say they have good reasons.

Berry Trust, GT-managed investment trust, had delayed its annual meeting in the hope that partial unitisation proposals could be put to shareholders at the same time.

When this turned out to be impossible, the proposals are expected next month, Berry found that New Year's Eve (10am, 8 Devonshire Square, London EC2) was the only day left in 1987, during which the meeting had to be held, for which it could give requisite notice to shareholders.



Robert Maxwell
"What the captain wants..."

Although Mr Dennis Nicholson, chairman, may be questioned on the progess of partial unitisation plans, the Berry agenda indicates nothing other than a routine annual meeting.

By contrast, the New Year's Eve meeting (10am, Mirror Building, 33 Holborn, London EC1) of Maxwell Communication Corporation, formerly BPCC, is likely to be extraordinary in more than name.

MCC shareholders will be asked to approve the purchase of the electronic publishing and book publishing activities of Pergamon Holdings, Mr Robert Maxwell's Liechtenstein-controlled private company which holds a majority of MCC shares.

Because of this relationship, Pergamon and directors of MCC, including Mr Maxwell, who are also directors of Pergamon will not vote at the meeting. This means that the decision will rest with independent shareholders, owning a total of 48.4 per cent.

The deal involves the initial payment of $56m (£30m) to Pergamon, for companies with total pre-tax profits of £526,000 in the eight months to August 31, and performance-linked clauses which could raise the total to $100m.

MCC emphasised that it was negotiated at arm's length and that its independent directors took advice from Bankers Trust, the US bank. The process was one reason, said MCC, why the negotiations took so long to complete.

So why is the meeting being held on New Year's Eve? Because Mr Maxwell had always said the deal would be completed by the end of 1987. And what the captain wants...

Blue Circle confident after raid

By Clay Harris

Blue Circle Industries, claims that the silence of the mysterious dawn raider which tried unsuccessfully last week to buy nearly 15 per cent of its shares will preclude it from making a takeover bid for Blue Circle in the near future.

After discussions with the Takeover Panel, Blue Circle said on Christmas Eve that the erstwhile buyer's failure to identify itself or announce its intentions meant it would breach Rule 2 of the Takeover Code if it now launched a bid.

Mr Peter Lee, the Panel's deputy director general, agreed that any such bid for Blue Circle would face close scrutiny. He indicated, howeover, that the period for which the mystery raider might be inhibited from bidding under Rule 2 could be as short as two to three weeks.

The unsuccessful raid came at an awkward time for Blue Circle, which is mounting a contested £217m cash bid for Birmid Qualcast.

Mr Lee said the movement in Blue Circle's share price last Tuesday – up 121p to 454p – would undoubtedly qualify as "untoward" and unexplained by general movements in the market as defined in Rule 2 of the Takeover Code.

Aynsley China in £17m buy-out from Waterford

BY MAGGIE URRY

THE MANAGEMENT of **Aynsley China**, bone china manufacturer, has agreed a £17.5m leveraged buy-out with its parent, Waterford Glass.

Mr Geoffrey Deith, Aynsley's first non-family chairman and only the seventh in the company's history, is leading the buy-out. Announcing the deal on Christmas Eve, he said: "The opportunity to re-establish the independence of a company with a household name like Aynsley was too good to be missed."

The business, based in Stoke-on-Trent, was established in 1775 and has been part of the Waterford group since 1970.

The funding is a mixture of senior debt, subordinated debt, convertible preference shares and management equity. It was arranged by County NatWest's Birmingham office, and the syndicate includes Midland Montagu Ventures, Investors in Industry (3i) and Kleinwort Benson.

The size of the management's stake will depend on the performance of Aynsley, but could represent a material shareholding. The plan is to bring the company to the stock market in three years time.

Aynsley's assets are valued at £11m and profits after tax for the 12 months to June 1987 were £1.2m. However, in August Waterford said Aynsley's operating profits in the first six months of 1987 had fallen by 40 per cent to £600,000. The lack of tourists during 1986 had resulted in high stocks being held by retailers which depressed sales in 1987.

Mr Deith said that since the end of the half-year trading had improved. He was confident the company could cover the interest charges and dividend payments imposed by the buy-out.

Waterford will receive £16m in cash on completion with the balance of £1.5m in instalments over three years.

The cash will further reduce its gearing which had already been cut from 97 per cent at June 30 to about 67 per cent in July following the sale of Wedgwood's sanitaryware business for £23.75m.

Mr Deith said the buy-out had been mooted before the stock-market crash in October. Following the market fall Aynsley had been able to negotiate a lower price, though it was still a full one.

Waterford said it had not sought a buyer for Aynsley, adding that the sale would allow it to concentrate on its international brands – Waterford crystal and Wedgwood, the china business acquired in November 1986.

BCal chief £3m option

BY CLAY HARRIS

SIR Adam Thomson, **British Caledonian Group** chairman, will receive more than £3m for his stake in BCal under the takeover offer agreed last week with **British Airways**.

Sir Adam exercised options on 160,000 BCal shares at £1 each on the same day that BCal recommended BA's final £12.15 per share offer. He already owned 90,925 shares in the unquoted group.

Three other BCal directors exercised options on a total of 165,000 shares on the same day. Excluding Sir Adam, BCal directors will receive at total of more than £6.5m for their shares.

BA has not yet announced what role,if any, Sir Adam and the other directors will have in the combined group.

Mountleigh

Newcombe Investments NV – part of the Organizacion Diego Cisneros industrial group - has acquired a 7.8 per cent interest in **Mountleigh**, as a result of the sale of its GaleriasPreciados to the UK property group.

Under the orginal, pre-crash deal Mountleigh was to pay £153.4m in cash. However, the acquisition was subsequently renegotiated so that Mountleigh paid out just £62.5m on completion.

Tricentrol attacks Elf bid

Tricentrol, independent oil company, has written to shareholders dismissing the 145p-a-share bid from Elf Aquitaine, French oil group, as opportunistic and unwelcome.

The defence document argues that the company has quadrupled its proven and probable reserves in the UK to 173m barrels of oil equivalent during the past four years.

Elf maintains that the underlying value of Tricentrol's assets "is very substantially less than 145p and is closer to the 80p at which the shares stood on November 10"

Court orders Bremner meeting

BY NIKKI TAIT

THE long-running saga at **Bremner**, the Glasgow-based department store group now pushing into financial services, has taken a new twist with the Edinburgh Court of Session ruling that an extraordinary meeting of shareholders should be held next month.

The meeting has been requisitioned by Mr Denis Mc Guinness, a Bremner director and chairman of Glasgow stockbrokers Carswell, which Bremner acquired earlier this year. At the meeting, shareholders will be asked to remove the company's chairman, Mr James Rowland-Jones and two other directors.

Mr Rowland-Jones had planned to postpone the meeting until June 9 next year

Last night, Mr Rowland-Jones said that he had seen the judgement and was taking legal advice.

COMPANY NEWS IN BRIEF

APPLIED HOLOGRAPHICS: In respect of the recent rights issue 2,303,333 shares have been taken up under provisional allotments (79.57 per cent).

WAGON INDUSTRIAL Holdings has agreed the sale of its Steel Precision Engineering subsidiary to Powerseal International for £440,000 cash. Steel Precision made a loss of £73,000 in the year to end-March.

PETROCON GROUP is to acquire the 25 per cent minority interest in its Petrocon Gall-Thomson subsidiary for £20,000 satisfied via the issue of 29,851 new shares.

KENNEDY SMALE's offer to acquire all the ordinary shares in McLeod Russel has been accepted by holders of 10,685,145ordinary shares (89.6 per cent). Holders of approximately 71.5 per cent accepted the preference. The offers have been declared unconditional and remain open.

CONTROL SECURITIES: Virani Group (UK) has bought 5.1m ordinary shares and now holds 33.8m (14.5 per cent).

CCA GALLERIES has completed the acquisition of Henry Ling and Son (London). Of the 4.12m new CCA shares made available to CCA holders 1.65m (40.1 per cent) have been taken up. Of those not applied for 2.34m have been taken up by brokers Marshall and Co and 126,454 by the other underwriter of the open offer.

OILFIELD INSPECTION Services: Mr C J Seward, founder director, has sold his entire stake of 1.07m shares at 44p each. They have been bought by B C Oates, M J Oates and B Yates. New businesses will be introduced through the new holders in 1988. Mr Seward remains on the board and Mr Michael Oates and Mr Bernard Yates have been appointed directors.

HALLWOOD GROUP of the US has sold its principal UK subsidiary, Atlantic Metropolitan (UK), to the Grainger Trust for about $30m before deducting liabilities. Estimated gain on the sale is $10m. Grainger has also agreed to redeem, if possible, until March 31 1988, up to £1m of its outstanding 12 per cent convertible notes due July 31 1987, and convert into Hallwood shares.

SIMS CATERING Butchers has agreed to acquire J L Quality Foods, hamburger producer, for an initial consideration of £609,960 which will be satisfied by the issue of 157,734 new Sims ordinary to be placed for cash. A further consideration up to a maximum of £690,040 (178,443 new shares) will become payable if J L Quality pre-tax profits for 1987 are £200,000 or more and the consideration will be reduced pro rata if profits are less.

S W WOOD GROUP has sold about two acres of freehold land at Neasden. The proceeds, of not less than £2.1m, will finance further expansion.

J JARVIS & SONS has agreed to buy Old Borough Holdings, property company. Consideration will be £450,000 to be satisfied by the issue of 75,000 new ordinary. It is also proposing a one-for-two scrip issue and share subdivision.

FKB GROUP is proposing to buy the outstanding minority shareholding of its 65.56 per cent owned subsidiary, Below The Line Projects. Initial consideration will be satisfied by £723,000 in cash and 54,774 new ordinary to the minority shareholders. Further profit-related payments may be made.

JACKSON EXPLORATION has agreed arrangements with the Royal Bank of Canada whereby the company's existing US$3.5m secured indebtedness to the Bank will be repaid prior to December 31. US$1.4m of the company's outstanding indebtedness was capitalised by the Bank subscribing for 2.63m new shares of common stock in Jackson.

BLACK ARROW GROUP: The offer to acquire the warrants giving holders the right to acquire shares in Associated Furniture Holdings closed at 3pm on December 22. Black Arrow received acceptances in respect of 170,000 warrants (56.67 per cent of the warrants outstanding).

FT Share Service

The following securities have been added to the Share Information Service:

Banner Homes (Section:Buildings)
Fairway(London)(Industrials)
ISA International (Industrials).

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except when the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
* Assoc Newsp	Jan 7	Final 4.5	Ratners	Jan 12	Interim 1
* Dixons	Jan 13	Interim 1.2	THF	Jan 14	Final 4.67
Dowty	Jan 21	Interim 2.6	* TSB	Jan 15	Final 1.07
Lonrho	Jan 29	Final 1.0	* Wardle		
* Racal Elec	Jan 26	Interim 0.77	Storeys	Jan 8	Final 4.0

SHARE STAKES

Changes in company share stakes announced over the past week include:

Polly Peck: Restro Investments, a private company owned by Mr Asil Nadir, chairman of Polly Peck, has purchased 400,000 shares at 275p, leaving Mr Nadir with 36,386,231 ordinary shares, 23.97 per cent.

Birmingham Mint: director A. Cross has increased his beneficial interest by 62,191 to 64,991 shares.

Britannia Security: On December 18 directors N.E. Porter and Mrs Porter sold 19,000 shares at 175p. Mr Porter also transferred 2,266 shares to a member of his wife's family.

Business Mortgage Trust: AMB Investments, a company controlled by director A.J. Davison, purchased 155,000 ordinary at 43p on December 23.

Haden sale

Haden Maclellan Holdings, engineering group, has sold Ewart Chain, maker of transmission chains, for £2.2m cash to its management and Investors in Industry. Ewart lost £580,884 before tax in the 17 months to May 31, but Haden said it was now profitable.

Haden said the disposal completed the rationalisation of the engineering companies acquired in November last year.

MANAGEMENT: Small Business

Foreign influence puts new emphasis on risk

Charles Batchelor reports on venture capital in France

THE SMALL businessman in France has long been content to finance his business from family resources and bank borrowing. Even when his company has grown, equity has continued to play a very small part in his financial arrangements. Now that is starting to change.

Spurred by the creation of a second tier stock market, the *second marche*, in 1982, and by tax incentives for venture capital introduced in 1985, equity funding is now more readily available than ever. Venture capital, in particular, is seen as a way of creating the high-tech companies France will need in the 1990s.

France has 150 organisations providing venture capital though only just over 60 are venture funds proper, providing advice and back-up as well as money, according to AFIC, the French Venture Capital Association. They managed FFr11bn (£1.1bn) of funds in 1986 and invested FFr2.5bn.

But in France, as in Britain, opinions differ on the extent to which the venture capital industry is prepared to take the risks of backing innovation.

"There is lots of money available but it goes towards big projects and misses the real target," complains Francois Garrigue, a member of the Paris Chamber of Commerce's small firms division. "There are lots of organisations which call themselves venture capitalist but in fact they provide development capital and do few start-ups."

"There is a shortage of good venture capital managers and it is difficult to get investors to think long-term," says Olivier Millet, editor of Capital & Enterprise, a venture capital magazine. "But it is changing."

Millet dates this change from the arrival of the American and British venture capital outfits such as Alan Patricof Associates, Citicorp and 3i in the early 1980s. They introduced American-style venture capital – involving close, "hands-on" links between the venture capitalists and the company management – into France, he says.

Up to then venture capital had been largely in the hands of a number of state organisations and the subsidiaries of the large banks, neither of which were, by nature, particularly venturesome.

"Venture capital has been a state-run business," says Lister Vickery, a former venture capitalist and now affiliate professor of entrepreneurship at Insead, the international management school south of Paris. "There are only half a dozen organisations capable of putting FFr1m-5m into a high-tech company."

Maurice Tchenio, managing partner of Patricof's French operation, says his team invests about 40 per cent of its funds in start-ups and early stage companies. Even so, the limited scope of the French venture capital market, compared with the US or Britain, means they must also make a wide range of other types of investment.

Broad though this approach may be, it is still very focused at the small end of the company spectrum compared with the operations of the large French banks. Banexi, the venture capital arm of Banque Nationale de Paris, makes investments in all stages of a company's development, from start-up to transfer to the next generation and in companies with turnover of up to several billion francs.

Michel Bouissou, chief executive of Banexi, says about one third of his 180 investments are in early stage companies and insists that the write-offs he has to make are proof that even this apparently mature portfolio carries risks.

But the Banexi approach is still very different. "There are limits to the role of the investor in France," says Bouissou. "We would never take an operational role in a company."

A strong reason for remaining at arm's length is the theoretical risk that a court might rule, in the event of the investee company failing, that a powerful investor like Banexi, even if it only had a minority holding, should pick up the entire bill, he says.

If these activities bear a closer resemblance to conventional institutional investment than to venture capital proper there may be some explanation in the different entrepreneurial climate in France. Innovation is more difficult in the relatively small French market and managers are not as mobile as they are in the US. "The American model is difficult to apply in France," says Michel Paris, an investment manager with another large bank, Paribas.

Restoring confidence

YVES PORTRAT (above) punches the keyboard of the small television set on his desk and brings up the previous day's sales figures for his most popular records. With the help of the French Telecom's minitel network – equivalent to the British Prestel service – Portrat can ensure the 23 Nuggets stores around France will always have what the record-buyer wants.

Business this year has been good. Sales are ahead of the FFr100m projection and in recent months the company has broken even for the first time since Portrat staged a buy-out of Nuggets in June 1986 from Hachette, the publishing group.

Portrat, who is now 42, had been successful in building up a chain of 40 sports shops in France before being called in by Hachette to run Nuggets. When Hachette decided to concentrate on publishing and expand into broadcasting it agreed to sell to Portrat.

But Nuggets' early months of independence were not easy. The recorded music market had been plunged into turmoil because the production companies were concentrating on making compact discs which very few customers had the equipment to play, and were producing fewer LPs.

More important for Portrat, the buy-out persuaded many people that Nuggets was in trouble. "In business, confidence is everything," he says. "People saw the buy-out as a sign that Hachette was bailing out instead of looking on it as a change of ownership. In France people take a negative view of something like that. This is not the USA."

The financial deal which Portrat had arranged with Hachette should have given him time to establish Nuggets as an independent company. But the problems of the market and crisis of confidence forced him to seek additional funds in the shape of venture capital far earlier than he had planned.

He arranged a FFr10m equity injection from Alan Patricof, the French arm of the international venture caital partnership, which, in turn, allowed him to get a FFr10m loan from his bank. "The venture capitalists were the only people who were prepared to view my previous losses as an investment," he says.

Nuggets appealed to Patricof because the company had an experienced manager and a retailing formula the venture capitalists thought could be exported to West Germany and Britain, where most record shops are now controlled by larger chains.

Nuggets expects to break even on an annual basis in 1988 and be in profit the year after, by which time Portrat hopes to have 50 stores in operation.

With the extra finance behind him, Portrat has developed the sophisticated controls which have allowed him to keep a tight control of costs in a very low margin business. The overnight feedback he gets from the stores around France means stocks are kept to a minimum.

It also gives him an electronic chart of France's most popular records which he can sell cheaply to pop fans and – in a more detailed form and more expensively – to radio station DJs.

Loiret: a little local initiative

VENTURE CAPITAL may be more readily available than it was several years ago but it can still be as remote a prospect for the small company in the French provinces as it is for its counterpart in the more far-flung British regions.

An innovative solution to the problem of obtaining small amounts of equity capital has been found by the local branch of the patronat, the main employers organisation, in the department of Loiret, to the south of Paris.

The patronat has launched a self-help development capital fund, Loiret-Developpement, to provide sums of between FFr300,000-500,000 (£30,000-£50,000) in the form of shares and convertible loans to local businesses. As in Britain, sums of this size are too small for the larger venture capital organisations to provide economically.

The fund, the first of its type to be set up, will help businesses expand, finance the hand-over of a company from its first generation owner to younger management or buy out minority shareholders who want to withdraw their investment.

If larger amounts are needed other sources of venture capital such as the banks or Paris-based venture funds will be tapped to put together packages of up to FFr3m, says Roger Lecomte, president of the Loiret patronat.

The fund's initial FFr5m of capital has been provided by the patronat, the local chamber of commerce, three local financial groups and, most significantly, about 70 small companies from Loiret.

The small companies will individually put in sums of FFr10,000-20,000 to the fund, which expects to approve its first investments early next year.

Though Loiret is not very distant from Paris – the departmental capital, Orleans, is just 60 miles away – bringing venture capital to small companies in the provinces requires local knowledge to be effective. Loiret-Developpement may have some lessons for small firms organisations in the UK and the rest of Europe.

Legal aid by phone

EILEEN HOLSEY spends her working day listening to the legal problems of the small businessman. Humdrum the issues may be to the experienced lawyer but they can be bewildering and worrying to the small company-owner.

The problems Holsey has dealt with in one hour include a taxi company owner concerned that a rival is using a similar name and a shopkeeper wanting to know if he can challenge a rent review.

Other queries have come from a woman anxious to know if her former employer could insist she return the company car to the other end of the country and a caller wanting to know what powers VAT inspectors have to hold someone whose premises they have raided for alleged VAT fraud.

Holsey is one of a small team of lawyers which provides a 24-hour phone-in service for the customers of The Legal Protection Group, a company specialising in the fast growing field of legal insurance cover.

The service, which operates out of the company's offices in Sutton, Surrey, is intended to provide basic advice on the sudden emergencies which can confront a client – usually the small businessman.

"We're a first aid service for legal advice," says Tim Ablett, Legal Protection's finance director. "We don't carry out major surgery but if there is a tricky case we can refer a customer to one of our specialists."

Despite the government's attempts to reduce red tape, businesses face a bewildering amount of legislation. The small company, which cannot afford expensive legal advice, is often most at risk.

Industrial tribunals, for example, can impose special awards of up to £20,000 on employers found guilty of unfair dismissal. Basic compensation and legal fees could add half as much again to the cost of fighting an action.

Recent legislation on data protection and insolvency have imposed new obligations on companies and their directors and extended the areas of potential conflict.

"We even get people phoning us up because they don't understand what their solicitor has told them," says Ablett.

Contact: The Legal Protection Group, Marshall's Court, Marshall's Road, Sutton, Surrey SM1 4DU.

Help for the disabled

STARTING AND running a business poses problems enough for the able-bodied. For the handicapped the difficulties can be insurmountable. There is, nevertheless, a growing interest in schemes to help the disabled into self-employment.

- Ford Motor Company has seconded a senior manager to the Merseyside Task Force to help handicapped people into business.
- The Royal National Institute for the Blind has employed a manager to develop business advisory services.
- The Disablement Advisory Service, part of the Manpower Services Commission, is developing business start-up courses.
- Surrey Business Enterprise, an enterprise agency based in Woking, has begun running business courses at the Queen Elizabeth's College for the Disabled at nearby Leatherhead.

Matt Huber, director of the Surrey agency, says the growth in interest in the subject of self-employment by the handicapped reflects increased interest in the population generally.

Some of the disabled attending the college have run businesses before they were affected by their handicap but others are considering self-employment for the first time. The ventures they are considering are far broader than the traditional occupations associated with the disabled.

Despite this increase in activity, disabled people complain that support agencies too often segregate them from the rest of the population. They feel that help should be provided in the form of equipment which would allow them to integrate more quickly with potential customers and suppliers.

Although the Enterprise Allowance Scheme is available to the handicapped, they frequently face higher than normal costs in getting themselves established.

Even when special equipment needed by the handicapped has been approved there can be long delays before it actually arrives. This can cause severe problems for the would-be entrepreneur.

CURRENCIES & MONEY

FOREIGN EXCHANGES & MONEY MARKETS

Dollar hits record lows on doubts about G7 accord

CO-ORDINATED INTERVENTION by central banks failed to prevent the dollar falling to record lows in Tokyo, Frankfurt and New York yesterday. There was reported to be active dollar selling in Tokyo, but trading in Europe and New York was thin, with London still closed for the Christmas holiday.

Speculation the Federal Reserve provided a little support for the dollar, followed confirmation central banks in West Germany, France, Switzerland, Italy and Austria intervened during European trading.

Earlier in the day the Bank of Japan bought dollars actively, prompting the comment from Mr Kiichi Miyazawa, Japanese Finance Minister, that other major nations should match the Japanese central bank's efforts.

After falling to a record trading low against the yen in Tokyo, the dollar declined below DM1.60 in Frankfurt, and remained weak in New York, as dealers viewed last week's Group of Seven statement as lacking any specific measures to support the US currency.

The market is very sceptical that the US is prepared to take strong enough steps to defend the currency, preferring to let it fall rather than tighten monetary policy, and risk a recession ahead of next year's Presidential election.

In New York around lunch time the dollar had fallen to DM1.5935 from DM1.6315 at the close in London on Christmas Eve. It had also declined to Y123.05 from Y126.05; to FFr5.4025 from FFr5.51; and to SFr1.2880 from SFr1.3240.

Sterling gained 3½ cents in New York, from the London close on Christmas Eve, to $1.8615-1.8625.

In London on Christmas Eve trading was predictably quiet, confined to one or two customer orders, with most banks already squared off for the rest of the year.

UK interest rates were barely changed on Christmas Eve. One year money stayed at 9½-9⅜ p.c. while the three-month rate was steady around 9-8⅞ p.c. Consequently the yield curve still pointed to the markets growing conviction that the next move in UK interest rates would be up.

The Bank of England forecast a shortage of around £500m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £178m and Exchequer transactions a further £245m. There was also a rise in the note circulation of £165m. These were partly offset by banks' balances brought forward £80m above target.

Assistance was given in the morning of £217m through outright purchases of £217m, comprising £60m of Treasury bills in band 2 at 8⅜ p.c. and £157m in band 4 also at 8⅜ p.c.

However the forecast was revised to a shortage of around £400m, before taking into account the morning help.

The average rate of discount fell to 8.2807 p.c. from 8.3007 p.c. at the weekly Treasury bill tender. The £100m of bills on offer attracted bids of £451m compared with £672m for a similar amount the week before and all bills offered were allotted. The minimum accepted bid was £97.935 against £97.925, and bids at that level were met as to about 75 p.c. and above in full compared with 33 p.c. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	2 mths	6 mths	12 mths
US Dollar	1.8270	1.8265	1.8249	1.8166	1.8060
D-mark	2.9800	2.9689	2.9554	2.9038	2.8298
French Fr.	10.067	10.066	10.065	10.065	10.064
Swiss Fr.	2.4175	2.4082	2.3975	2.3876	2.2882
Yen	230.25	230.17	230.08	229.73	229.19

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Dec.24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1639	+1.66	+1.35	±1.5344
Danish Krone	7.85212	7.96531	+1.44	+1.13	±1.5404
German D-Mark	2.05853	2.06503	+0.32	+0.01	±1.0981
French Franc	6.90403	6.98151	+1.12	+0.81	±1.3674
Dutch Guilder	2.31943	2.32456	+0.22	-0.09	±1.5012
Irish Punt	0.768411	0.776894	+1.10	+0.79	±1.6684
Italian Lira	1483.58	1516.58	+2.22	+1.99	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec.24	Close	Previous Close
£ Spot	1.8360-1.8380	1.8220-1.8230
1 month	0.05-0.04pm	0.10-0.07pm
3 months	0.42-0.39pm	0.45-0.41pm
12 months	2.15-2.05pm	2.30-2.15pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.24	Previous
8.30 am	75.5	75.5
9.00 am	75.5	75.6
10.00 am	75.4	75.6
11.00 am	75.5	75.6
Noon	75.6	75.5
1.00 pm	—	75.5
2.00 pm	—	75.4
3.00 pm	—	75.4
4.00 pm	—	75.4

POUND SPOT - FORWARD AGAINST THE POUND

Belgian rate is convertible francs. Financial franc 62.45-62.55. Six-month forward dollar 1.06-1.01cpm 12 month 2.15-2.05pm

CURRENCY RATES

Dec.24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.759567	0.692502
U.S Dollar	6½	1.38431	1.26534
Canadian $	8.75	1.80095	1.65329

*All SDR rates are for Dec.23.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.15-34.25.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 8¾-8⅝ per cent; three years 9-8⅞ per cent; four years 9⅛-9 per cent; five years 9⅜-9¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

	£	$
Greece	234.10-238.25	128.30-130.50
Hong Kong	14.1750-14.2050	7.7650-7.7700
Iran	121.50*	66.00*
Korea(Sth)	1444.25-1457.30	791.10-797.50
Kuwait	0.44550-0.49750	0.27360-27370
Luxembourg	62.25-62.35	34.05-34.15
Malaysia	4.5555-4.5685	2.4940-2.4990
Mexico	4071.95-4147.30	2230.00-2270.00
N. Zealand	2.8105-2.8155	1.5390-1.5415
Saudi Ar.	6.7030-8475	3.7500-3.7510
Singapore	3.6455-3.6585	1.9965-2.0015
S. Af (Cm)	3.5660-3.5830	1.9570-1.9605
S. Af (Fn)	5.7255-5.7430	3.1380-3.1395
Taiwan	52.05-52.25	28.50-28.60
U.A.E.	5.9770-6.7055	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Dec.24	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
DM	0.336	0.613	1.	77.27	3.378	0.811	1.126	735.1	0.804	20.91
YEN	4.343	7.935	12.94	1000.	43.72	10.50	14.57	9514.	10.41	270.6
F Fr.	0.993	1.815	2.960	228.7	10.	2.401	3.333	2176.	2.380	61.88
S Fr.	0.414	0.756	1.233	95.24	4.164	1.	1.388	906.1	0.991	25.77
H Fl.	0.298	0.545	0.888	68.63	3.001	0.721	1.	652.9	0.714	18.57
Lira	0.457	0.834	1.360	105.1	4.596	1.104	1.532	1000.	1.094	28.44
C $	0.417	0.763	1.244	96.10	4.202	1.009	1.400	914.2	1.	26.00
B Fr.	1.605	2.933	4.783	369.6	16.16	3.880	5.385	3516.	3.846	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
116	4.01	5.08	0.49	2.00
118	2.43	3.61	1.27	2.53
120	1.39	2.62	2.23	3.54
122	1.02	2.11	3.50	5.03
124	0.38	1.35	5.22	6.27
126	0.21	1.04	7.05	7.60
128	0.14	0.46	8.62	9.38
130	0.07	0.30	10.55	11.22

Estimated volume total, Calls 431 Puts 294
Previous day's open int: Calls 27966 Puts 14553

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
82	7.20	7.14	0.18	1.02
84	5.43	5.50	0.41	1.38
86	4.02	4.93	1.00	2.21
88	2.41	3.28	1.39	3.16
90	1.38	2.35	2.36	4.23
92	0.62	1.54	3.60	5.42
94	0.33	1.19	5.31	7.07
96	0.17	-	7.15	-

Estimated volume total, Calls 15 Puts 0
Previous day's open int: Calls 827 Puts 819

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Jan	Calls-Last Feb	Puts-Last Jan	Puts-Last Feb
15000	32.09	32.72	0.09	0.72
15250	-	-	-	-
15500	27.23	28.25	0.23	1.25
15750	-	-	-	-
16000	22.54	24.02	0.54	2.02
16250	-	-	-	-
16500	18.12	20.11	1.12	3.11
16750	-	-	-	-

Estimated volume total, Calls 10 Puts 0
Previous day's open int: Calls 1601 Puts 1660

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-Last Jan	Calls-Last Feb	Calls-Last Mar	Calls-Last Jun	Puts-Last Jan	Puts-Last Feb	Puts-Last Mar	Puts-Last Jun
1.65	18.20	18.20	18.20	18.20	0.00	0.03	0.18	0.82
1.70	13.20	13.21	13.45	14.00	0.01	0.19	0.55	1.65
1.75	8.27	8.75	9.32	10.33	0.14	0.73	1.42	2.98
1.80	4.06	5.07	5.91	7.28	0.93	2.05	3.01	4.93
1.85	1.36	2.49	3.40	4.89	3.23	4.47	5.50	7.54
1.90	0.28	1.02	1.75	3.11	7.15	8.00	8.85	10.76
1.95	0.03	0.34	0.81	-	11.90	12.32	12.91	-

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 358 Puts 429

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls-Last Jan	Calls-Last Feb	Calls-Last Mar
1.55	-	-	25.65
1.60	23.90	-	23.90
1.65	18.90	-	18.50
1.70	13.25	13.25	13.35
1.75	8.35	8.85	9.25
1.80	3.55	5.20	5.60
1.85	1.65	2.80	3.60

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

LIFFE- EURODOLLAR OPTIONS
$1m points of 100%

IMM-STERLING $s per £

	Close	High	Low	Prev.
Mar	1.8615	1.8640	1.8500	1.8445
Jun	1.8560	1.8590	1.8450	1.8390
Sep	1.8484	1.8502	-	1.8312
Dec	-	1.8454	-	1.8264

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev.
Mar	1.8290	-	-	1.8180
Jun	1.8235	-	-	1.8135
Sep	1.8170	-	-	1.8065

Estimated volume 0 (0)
Previous day's open int. 96 (96)

EUROPEAN OPTIONS EXCHANGE

ROYAL DUTCH C	Fl. 210	248	1.70	343	8	9	11	Fl. 200.50
ROYAL DUTCH P	Fl. 200	180	4.50	284	10	17	15.50	Fl. 200.50
ROBECO C	Fl. 100	-	-	40	1.40	-	-	Fl. 82.20
ROBECO P	Fl. 90	28	8	1	10.30	-	-	Fl. 82.20
UNILEVER C	Fl. 108	141	1.80	-	-	-	-	Fl. 102.20
UNILEVER P	Fl. 140	-	-	-	-	354	41 B	Fl. 102.20

TOTAL VOLUME IN CONTRACTS : 21,279

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
AAB - Allied Arab Bk	8½	City Merchants Bank	8½	Northern Bank Ltd	8½
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	PK Finans. Intl(UK)	9
American Exp.Bk	8½	Consolidated Cred	8½	Provincial Trust Ltd	9½
Amro Bank	8½	Co-operative Bank	*8½	R. Raphael & Sons	8½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	Roxburghe G'rantee	10½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Equat'l TstC'p plc	8½	Royal Trust Bank	8½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williamson Secs.	8½
B & C Merchant Bank	8½	Financial & Gen. Sec.	9	Standard Chartered	8½
Banco de Bilbao	8½	First Nat. Fin. Corp.	10	TSB	8½
Bank Hapoalim	8½	First Nat. Sec. Ltd.	10	UDT Mortgage Exp	♦10.2
Bank Leumi (UK)	8½	● Robert Fleming & Co.	8½	United Bk of Kuwait	8½
Bank Credit & Comm	8½	Robert Fraser & Ptnrs.	9½	United Mizrahi Bank	8½
Bank of Cyprus	8½	Girobank	8½	Unity Trust Bank Plc	8½
Bank of Ireland	8½	Grindlays Bank	8½	Western Trust	8½
Bank of India	8½	● Guinness Mahon	8½	Westpac Bank Corp.	8½
Bank of Scotland	8½	HFC Trust & Savings	8½	Whiteaway Laidlaw	9
Banque Belge Ltd	8½	● Hambros Bank	8½	Yorkshire Bank	8½
Barclays Bank	8½	Heritable & Gen Inv Bk	8½		
Benchmark Tst Ltd	8½	● Hill Samuel	§8½		
Beneficial Trust Ltd	9½	C. Hoare & Co.	8½		
Berliner Bank AG	8½	Hongkong & Shangh	8½		
Brit Bk of Mid East	8½	Lloyds Bank	8½		
Brown Shipley	8½	Meghraj Bank Ltd	8½		
Business Mtge Tst	9	Midland Bank	8½		
CL Bank Nederland	8½	● Morgan Grenfell	8½		
Central Capital	8½	Mount Banq Credit Co	8½		

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$ WORLD VALUE OF THE DOLLAR
BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, December,16 . The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

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ECU=$US1.26373 SDR1=$US1.38426
As of December,23, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	8⅛	8⅛
Sibor:	8¼	8¼

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani	50.60	Greenland	Danish Krone	6.3005	Pakistan	Pakistan Rupee	17.4937
Albania	Lek	5.5333	Grenada	E. Caribbean $	2.70	Panama	Balboa	1.00
Algeria	Dinar	4.67	Guadaloupe	Local Franc	5.5245	Papua New Guinea	Kina	0.8822
Andorra	French Franc / Spanish Peseta	5.5245 / 111.225	Guam	U.S. $	1.00	Paraguay	Guarani	320.00 / 550.00 / 870.00
Angola	Kwanza	29.918	Guatemala	Quetzal	1.00 / 2.55			
Antigua	E. CarribeanS	2.70	Guinea	Franc / Franc (f)	340.00 / 300.00			
Argentina	Austral	3.50						
Aruba	Florin	1.79	Guinea-Bissau	Peso	650.00	Peru	Inti (o,n,4)	33.00

Pound looks towards 1988

STERLING HAS been out of the spotlight during the last year, as attention has concentrated on the dollar.

Oil prices influenced by the volatility of the Middle East have provided an underlying nervousness, but economists tend to see this as a two edged sword. Government revenues may decline if prices fall, but the economy will benefit from reduced inflationary pressure.

UK economic growth has been strong, producing a deterioration in the trade balance, as imports have been sucked in, leading to fears that the current account deficit will eventually force a weakening of the pound, and that before this happens the threat of overheating will give the authorities little option but to raise interest rates.

But for the plight of the dollar and the October crash in share prices it is doubtful whether base rates would now be as low as 8½ p.c.

Midland Bank's December Market Review, sees a period of relative stability for the pound.

Another part of the Midland Bank Group, Greenwell Montagu Research says real growth this year has been over 4 p.c., but the consensus view is that this will slow to 2½ p.c. in 1988, implying a very sharp deceleration in economic activity.

LONDON MONEY RATES

December 24	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8.625	8.375	8.625	9.00	9.1875	9.50
Interbank Bid	5.00	8.00	8.50	8.875	9.0625	9.375
Sterling CDs	-	-	8.50	8.8125	9.0625	9.25
Local Authority Deps.	8.375	8.25	8.50	8.8125	9.0625	9.3125
Local Authority Bonds	-	-	8.6875	8.9375	9.125	9.50
Discount Mkt Deps.	8.375-4	8.125	8.375	8.375	-	-
Company Deposits	8.50	8.50	8.625	8.9375	9.25	9.50
Finance House Deposits	-	-	8.5625	8.9375	9.125	9.50
Treasury Bills (Buy)	-	-	8.375	8.40625	-	-
Bank Bills (Buy)	-	-	8.375	8.375	8.78125	-
Fine Trade Bills (Buy)	-	-	9.00	9.0625	9.40625	-
Dollar CDs	-	-	8.20-8.15	7.80-7.75	7.80-7.75	8.10-8.05
SDR Linked Dep Offer	-	-	6.5625	6.5625	6.625	6.6875
SDR Linked Dep Bid	-	-	6.3125	6.3125	6.375	6.4375
ECU Linked Dep Offer	-	-	7.25	7.25	7.25	7.3125
ECU Linked Dep Bid	-	-	7.125	7.125	7.125	7.1875

Treasury Bills (sell): one-month 8¼ per cent; three months 8¼ per cent; Bank Bills (sell): one-month 8¼ per cent; three months 8⅛ per cent; Treasury Bills; Average tender rate of discount 8.3007 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1987. Agreed rates for period December 26 to January 25, 1988, Scheme I: 10.51 p.c. Schemes II & III: 10.25 p.c. Reference rate for period October 1 to November 30, 1987, Scheme IV: 9.008 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.5 from December 1, 1987: Bank Deposit Rates for sums at seven days' notice.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.24)	3 months US dollars	6 months US Dollars	
bid 7⅞	offer 8	bid 7⅞	offer 8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK
(Lunchtime)

Treasury Bills and Bonds

One month	3.10	Three year	8.13

WEEKLY CHANGE IN WORLD INTEREST RATES

BANK OF ENGLAND TREASURY BILL TENDER

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system last Thursday until 12.30pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	422	Enterprise Oil	233	Prudential	234
Allied-Lyons	466	Fisons	199	Racal	66
Amstrad	*4,800*	*Gen. Accident*	*59*	*Rank Org.*	*102*
Argyll Group	236	Gen. Elect.	1,500	RMC	102
Assoc. Brit. Foods	13	Glaxo	742	RHM	613
BAA	849	Globe Investment	80	Reckitt & Col.	191
BAT	380	Granada	16	Redland	145
BET	105	Grand Met.	381	Reed Intl.	280
BICC	257	GUS A	184	Reuters	172
BOC	374	Guardian R.E.	5	RTZ	504
BPB Inds	615	GKN	6	Rolls-Royce	5,900
BTR	1,300	Guinness	509	Rothmans	264
Barclays	488	Hammerson	25	Rowntree	36
Bass	17	Hanson Trust	1,000	Ryl Bank Scotland	78
Beecham	468	Hawker Sidd	234	Royal Insurance	110
Blue Arrow	1,500	Hillsdown Hldgs	1,000	STC	254
Blue Circle	620	IMI	562	Saatchi & Saatchi	79
Boots	1,500	ICI	322	Sainsbury	298
Brit. Airways	944	Jaguar	1,100	Scott & Newcastle	147
Brit. Aero	216	Ladbroke	358	Sears	621
Brit. & Comm.	451	Land Securities	440	Sedgwick	1,000
British Gas	5,600	Laporte	0	Shell Trans	373
Britoil	1,400	Legal & Gen.	432	Smith & Nephew	479
BP	5,200	Lloyds Bank	565	Standard Chart.	31
Brit. Telecom	1,000	LASMO	185	Storehouse	415
Bunzl	124	Lonrho	414	Sun Alliance	146
Burmah Oil	6	Lucas	128	T & N	385
Burton	1,500	MEPC	170	TSB	568
Cable & Wire	2,500	Marks & Spencer	426	Tarmac	137
Cadbury Schwps	703	Maxwell Comms.	619	Tesco	1,100
Coats Viyella	539	Metal Box	464	Thorn EMI	241
Comm. Union	36	Midland Bank	766	Trafalgar House	1,700
Cons. Gold	8	NatWest Bank	132	T'house Forte	227
Cookson	210	Next	513	Ultramar	350
Courtaulds	649	Northern Foods	608	Unilever	423
Dalgety	177	Pearson	238	United Biscuits	582
Dee Corpn	2,400	Pearl Assurance	58	Wellcome	67
Dixons Group	318	P & O	487	Whitbread A	235
English China Clays	11	Pilkington Bros	610	Woolworth	75
		Plessey	819		

RISES AND FALLS

	Last Thursday Rises	Last Thursday Falls	Last Thursday Same	On the week Rises	On the week Falls	On the week Same
British Funds	106	0	10	265	108	91
Corporations, Dom. and Foreign Bonds	0	0	52	27	31	150
Industrials	498	138	931	2,383	903	2,982
Financial and Props	225	76	337	979	377	1,196
Oils	36	6	69	156	54	234
Plantations	*0*	*1*	*13*	*12*	*6*	*38*
Mines	43	16	140	187	151	458
Others	100	36	113	381	211	401
Totals	1,008	273	1,665	4,390	1,841	5,550

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Wednesday December 23 1987

Mining Finance	+ 31.58	Industrial Group	+ 8.75
Property	+ 23.91	Brewers & Distillers	+ 8.82
Overseas Traders	+ 23.83	Financial Group	+ 8.06
Publishing & Printing	+ 23.35	Other Financial	+ 5.98
Metals & Metal Forming	+ 20.90	Miscellaneous	+ 5.82
Contracting,Construction	+ 18.52	Capital Goods	+ 4.46
Leisure	+ 16.20	Other Groups	+ 4.44
Food Manufacturing	+ 14.88	Telephone Networks	+ 4.41
Electricals	+ 14.57	Other Industrial Materials	+ 4.14
Insurance(Composite)	+ 13.88	Packaging & Paper	+ 2.98
Oil & Gas	+ 13.48	Stores	+ 2.86
Building Materials	+ 12.45	Conglomerates	+ 2.32
Insurance(Life)	+ 10.80	Gold Mines Index	+ 2.08
Shipping & Transport	+ 10.27	Merchant Banks	+ 1.52
Food Retailing	+ 10.08	Electronics	- 0.82
Textiles	+ 10.00	Motors	- 1.23
Consumer Group	*+ 9.35*	Banks	- 4.48
Chemicals	+ 8.58	Agencies	- 5.14
Health & Household Products	+ 8.31	Mechanical Engineering	- 6.37
500 Share Index	+ 7.89	Investment Trusts	- 8.16
All Share Index	+ 7.18	Insurance(Brokers)	- 18.84

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§55	F.P.	6/1	61	55	‡Allied Restaurants 5p	60	+2	L1.1	4.6	2.5	11.8
330	120	-	92	70½	British Petroleum	72½	+1	R12.5	1.5	6.1	14.0
-	F.P.	-	4	2	EFM Dragon Tst. Wrrnts.	4		-	-	-	-
†	F.P.	-	268	231	English & Caledonian Inv.	231		-	-	-	-
350	F.P	22/1	284	240	Eurotunnel Units	240		-	-	-	-
-	F.P.	-	13	10	Do Warrants	14½		-	-	-	-
†	F.P	-	125	83	Hard Rock A (R-Vtg) 2p	83		L1.53	3.3	2.5	14.8
§100	F.P.	-	110	100	‡Hatfield Estates 10p	110		R1.5	10.2	1.7	3.9
60	F.P.	-	82	66	How Group 10p	78		R2.2	3.1	3.9	11.4
85	F.P.	15/1	100	93	Intl. Colour	98		L1.0	7.4	1.4	13.2
-	F.P.	-	362	262	Lefkochrysos NPV	362		-	-	-	-
†	F.P.	-	33	23	‡Mowat Group 10p	33		-	-	-	-
§75	F.P.	15/1	80	75	Nestor-BNA 10p	80		R1.85	2.5	3.2	17.3
§80	F.P.	-	101	88	Paragon Comms. 5p	93		R2.5	3.4	3.7	10.8
§18	F.P.	23/12	21	19	‡Pathfinders Grp. 5p	20		§0.29	3.9	2.0	17.5
§100	F.P.	-	107	103	‡Shorco Grp.	107		-	-	4.7	10.8
17	F.P.	-	25	18	*Staks Hldgs.	24		-	-	-	58.8
§114	F.P.	-	121	115	‡Sykes-Pickavant 10p	119		R5.25	2.0	6.0	11.2
§70	F.P.	-	73	66	‡Trivian Hldgs. 10p	66	-2	R2.0	4.6	4.1	7.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1987 High	1987 Low	Stock	Closing Price £	+ or -
-	-	-	*100½*	*90½*	*Ansbacher(H.)9pc.Cnv.Sub.Ln.1998*	99½	-1
§91.54	£50	11/2	50	49⅝	Brit.&Comm.10½pc.Un.Ln.2012	50	+¼
100	F.P.	21/1	48	43	Housing Fin.5pc.Deb.2027	46½	
100	F.P.	21/1	757	700	Do. Zero Deb.2012	738	
-	F.P.	-	101⅛	99⅞	N'wide Anglia 10⅜pc 12.9.88	100⅜	
-	F.P.	-	101⅛	99¾	Do. 10⅝pc 26.9.88	100⅝	
-	F.P.	-	101⅛	100⅛	Do. 10⅛pc 31.10.88	100¼	
-	F.P.	-	100⅛	99⅜	Do. 9¼pc 28.11.88	99½	
-	F.P.	-	100	100	Do. 9¾pc 28.12.88	100	
100p	F.P.	-	115p	100p	‡Wilshire Fixed Rate Cnv.Cum.Red.Pfr.	111p	-2

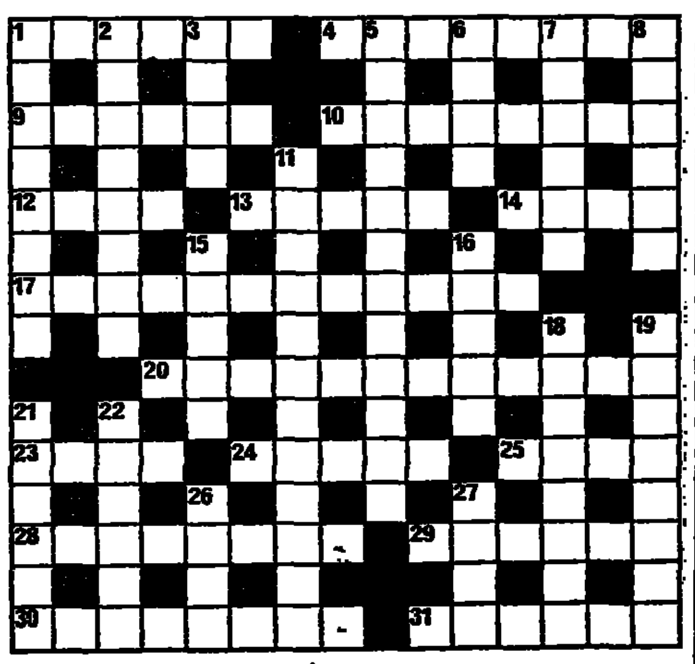
RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1987 High	1987 Low	Stock	Closing Price p	+ or -
27.5	Nil	15/2	3½pm	2pm	‡Bio-Isolates (Hldgs.)	2pm	
5	Nil	3/2	13pm	11pm	‡Biomechanics Int.	12pm	+1
25	Nil	-	48pm	26pm	ERA Grp. 5p	38pm	+2
28	Nil	-	10pm	8pm	Maxiprint	10pm	+2
140	Nil	-	42pm	30pm	Mecca Leisure 10p	42pm	
20	Nil	29/1	1¾pm	1¼pm	North Sea Assets B 5p	1¾pm	

Renunciation date usually last day for dealing free of stamp duty.a Annualised dividend.b Figures based on prospectus estimates.d Dividend rate paid or payable on part of capital, cover based on dividend on full capital.g Assumed dividend and yield .L Estimated annualised dividend,cover and p/e based on latest annual earnings.N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross.R Forecast annualised dividend,cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures.Z Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided. ¶ Issued by tender.‡ Offered to holders of ordinary shares as a rights.† Introduction.§Placing price.†† Reintroduction.‡ Issued in connection with reorganisation merger or takeover.‖ Allotment price.‡ Unlisted securities market.‡ Official London listing. ‖ Including warrants entitlement.* Third Market.

FT CROSSWORD No.6,516

SET BY HIGHLANDER



ACROSS

1 Come home first, weary and cold (6)
4 Shortage leaves mark on metropolis (8)
9 Hosiery firm succeeded (6)
10 He contracts to produce a way across river (8)
12 Service sounds OK (4)
13 Quiet individual was outstanding (5)
14 This leasehold land offshore is included (4)
17 Old and new apes share provocation (12)
20 *At my peril I've moved* around in authoritative manner (12)
23 Map makers look to capital (4)
24 Principal cook holds one (5)
25 Having a prisoner returned requires a celebration (4)
26 Poem concerning idler (8)
29 Cold one needs spicy flavouring (6)
30 Extracted by melting, as shown (8)
31 Said of wedding, but check (6)

DOWN

1 In hot weather keen gardener will find place to sleep (5,3)
2 Funny thing to shock a bird (8)
3 Girl is badly hurt (4)
5 Producer of fine furniture for Prime Minister? (7-5)
6 One managed outside in bad weather (4)
7 Eat for the fun of it, one hears (6)
8 Archbishop and queen take over *delivery* (6)
11 Lease place where Carthusians used to be (12)
15 Foam turns up in German river (5)
16 *A sheet of oil? That's awful* (5)
18 Man's cat perhaps that's thorough (8)
19 One having meal might sound explosive (8)
21 Cricketer's headgear (6)
22 Write theatrical piece about exploit (4,2)
26 Fitted board without top (4)
27 A cleaner burn (4)

The solution to the Christmas Crossword will be published with names of winners on Saturday January 9.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

80 Holdenhurst Rd, Bournemouth

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6993/4/5

Scimitar Global Gth Ac	27.4	29.2	—	—
Do. Income	27.3	29.1	—	0.19
Scimitar European Acc	21.1	22.5	—	—
Do. Income	21.1	22.5	—	0.11
Scimitar UK Eq Inc Acc	33.5	37.0	—	—
Do. Income	33.6	35.4	—	3.66
UK Cap Gth Acc	22.2	23.4	—	0.75
Scimitar Pac Basin Acc	25.9	27.6	—	—
Scimitar Mangd Exempt*	134.2	141.9	—	—

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1052

Intal Income Units	125.4	133.4	—	2.82
Intal Accum Units	191.8	204.0	—	2.82
UK General Acc	36.3	38.8	—	3.11
UK General Inc	34.9	37.3	—	3.11
American	26.3	28.1	—	0.64
European	34.2	36.6xd	—	0.94
Japan	51.5	55.1xd	—	—
Technology	33.1	35.4	—	1.42
Performance Trusts				
Far East Perf Tst	15.8	17.0	—	0.64
High Inc Perf Tst Inc	23.0	24.6xd	—	5.37
High Inc Perf Tst Acc	23.5	25.1xd	—	5.37
Worldwide Tact Perf Tst	26.3	28.1	—	—

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	200.1	214.1	—	2.88
Columbus (America)	118.9	127.2	—	1.40
Marco Polo (Pacific)	191.9	205.3	—	0.39
Da Vinci (European)	206.6	221.0	—	1.86
Drake	48.5	51.9	—	2.94

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	195.5	208.0	+3.8	2.97
UK Smlr. Cos. Equity	195.5	208.0	+2.9	2.41
UK Special Situations	54.6	58.4	+0.9	3.28
Income Plus	49.8	53.0	+0.5	6.38
European	157.8	167.9	+1.0	1.83
Far Eastern	48.9	52.1	+1.3	2.90
Japanese †	47.8	50.9	−0.5	0.16

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-686 4355

TUUT Dec 1 87	175.8	185.1	—	3.71

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	132.0	142.0	—	1.72

Tyndall Unit Trust Managers Limited
25 Bucklesbury, London EC4N 248 3399

Convertible & Gcnl	58.2	61.7	—	6.62
Accum Units	58.2	61.7	—	6.62
Income	78.5	83.2	+0.4	5.19
Accum Units	78.5	83.2	+0.4	5.19
Smaller Co's	83.4	88.4	+0.5	1.65
Accum Units	83.4	88.4	+0.5	1.65
UK Growth	85.6	90.7	+1.0	1.49
Accum Units	85.6	90.7	+1.0	1.49

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	52.0	55.4	—	1.35
Technical Analysis Fd	48.7	51.9	—	1.93

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	164.7	175.2xd	—	1.73
Friars Hse Inc Fd	141.6	149.0xd	—	3.51

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	161.8	172.1	—	4.45

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Abingdon Rdle Assets	161.3	171.6	+14.4	2.56
(Accum Units)	164.4	174.9	+14.7	—
Far East & Gen	48.7	51.8	—	0.23
(Accum Units)	48.7	51.8	—	—
Master Portfolio	64.517	66.171	+0.422	3.14
(Accum Units)	66.020	67.713	+0.432	—
American & Gen	52.7	56.1	+0.4	2.06
(Accum Units)	53.4	56.8	+0.3	—
Growth	206.0	219.1	+1.2	2.56

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assoc.	360.7	379.8	—	–
Eb'r Ph Eq.	314.7	334.4	—	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	159.6	168.0	+2.1	–
International Acc.	118.7	124.9	+0.8	–
Property Acc.	121.7	128.1	+0.1	–
Fixed Interest Acc.	147.7	155.4	—	–
Money Acc.	133.9	140.9	+0.2	–
Bldg. Soc. Link Acc.	131.6	138.5	+0.2	–
Special Mngd. Acc.	140.4	147.7	+1.1	–
Phoenix/Framlington				
Intl. Growth Acc.	79.4	83.5	-0.1	–
Amer. & Gen. Acc.	71.6	75.5	—	–
Capital Tst. Acc.	164.9	173.5	+0.1	–
Japan & Gen Acc.	158.0	166.3	+0.3	–
American Turn. Acc.	71.1	74.8	—	–
Recovery Tst. Acc.	154.1	162.2	+0.1	–
Special Mngd Acc.	130.6	137.4	+0.2	–
Phoenix/NT				
International Acc.	115.7	121.7	-0.2	–
US & General Acc.	85.5	90.0	-0.3	–
Amer Spec Sits Acc.	59.8	62.9	-0.1	–
Japan & General Acc.	154.3	162.4	+0.2	–
Far East & Gen. Acc.	126.0	132.6	+0.7	–
UK Capital Acc.	160.2	168.6	+1.8	–
European Acc.	127.8	134.5	+0.4	–
Special Mngd. Acc.	118.1	124.3	+0.6	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.7	276.6	—	–
Wtg Pens Inc & Cap Fds	335.9	353.6	—	–
Money Fund	110.5	116.4	—	–
Pens. Mngd Fd (Init)	83.0	87.4	—	–
Pens Mngd Fd (Acc)	92.2	97.1	—	–
Pens FT30 Fd (Init)	126.8	133.5	—	–
Pens FT30 Fd (Acc)	140.9	148.4	—	–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prudent				
Managed Dec 16	185.9	193.7	—	–

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed Fd.	420.8	443.0	—	–
Equity Fd.	856.9	902.1	—	–
Intnl. Fd.	292.2	307.6	—	–
Fixed Int. Fd.	350.6	369.1	—	–
Prop. Fd.	299.8	315.6	—	–
Cash Fd.	232.1	244.4	—	–
Pacific Basin Fd.	155.8	164.1	—	–
North American Fd.	116.2	122.3	—	–
European Fd.	134.8	141.9	—	–
Holborn Balanced Gwth Fd	–	–	—	–
Holborn Strategic Gwth Fd	–	–	—	–

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed	441.3	464.6	—	–
Equity	628.9	662.0	—	–
Global Equity	178.4	187.8	—	–
Fixed Interest	352.1	370.7	—	–
Property	299.2	315.0	—	–
Cash	136.3	143.5	—	–
Index Linked Gilt	159.4	167.8	—	–
Guaranteed	9.25	10.25	—	–
International Money	185.0	194.6	—	–
North American Fd	50.2	52.9	—	–
Japanese Fund	98.19	103.3	—	–
European Fund	68.5	72.2	—	–
Special Situations Fd.	79.2	83.4	—	–
Communications Fund	68.4	72.0	—	–
Smaller Cos Fund	81.7	86.0	—	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99[illegible]	97[illegible]	Treas 7¼pc 1985–88‡‡	99[illegible]xd	.....	7.76	8.62
102¼	99[illegible]	Exch 10½pc '88	100[illegible]	.....	10.44	8.74
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	100[illegible]	.....	9.71	8.83
98[illegible]	93[illegible]	Transport 3pc '78–88	98[illegible]xd	+[illegible]	3.06	6.84
101[illegible]	98[illegible]	Treas. 9½pc '88	100[illegible]	.....	9.47	9.00
105[illegible]	101[illegible]	Treas 11½pc 1989	102[illegible]	+[illegible]	11.22	9.10
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	100[illegible]	+[illegible]	9.45	9.00
96[illegible]	89[illegible]	Treas 3pc 1989	95[illegible]		3.14	6.51
104[illegible]	99[illegible]	Treas 10½pc 1989	101[illegible]	+[illegible]	10.31	9.08
103[illegible]	98[illegible]	Exch 10pc 1989	101[illegible]	+[illegible]	9.88	9.15
105[illegible]	100[illegible]	Exch 11pc 1989	102[illegible]	+[illegible]	10.69	9.11
96[illegible]	89[illegible]	Treas 5pc 1986–89	95[illegible]	.....	5.25	7.82
108[illegible]	99[illegible]	Exch 10¼pcCv '89	102[illegible]	+[illegible]	9.97	8.57
111[illegible]	104[illegible]	Treas 13pc 1990‡‡	107[illegible]xd	+[illegible]	12.13	9.07
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	103[illegible]	+[illegible]	10.63	9.12
110[illegible]	103[illegible]	Exch. 12½pc 1990	106[illegible]	+[illegible]	11.71	9.09
92[illegible]	84½	Treas. 3pc 1990	91[illegible]	.....	3.28	7.03
100[illegible]	93[illegible]	Treas 8¼pc 1987–90‡‡	99[illegible]	+[illegible]	8.33	8.70
51½	50	Tr. 8pc Cv 1990 (50pd)	51½	+[illegible]	8.16	8.90
105	97½	Treas. 10pcCv 1990	102[illegible]	+[illegible]	9.80	9.12
91[illegible]	81[illegible]	Exch 2½pc 1990	88[illegible]	.....	2.82	6.84
110½	102[illegible]	Treas 11¾pc 1991	106[illegible]xd	+[illegible]	10.99	9.10
95[illegible]	87¼	Funding 5¾pc '87–91‡‡	93[illegible]	+[illegible]	6.17	8.18
90[illegible]	80¼	Treas. 3pc 1991	87[illegible]	+[illegible]	3.41	7.08
110[illegible]	98½	Treas 10pc Cv '91 ‡‡	103[illegible]xd	+[illegible]	9.64	8.75
109[illegible]	101[illegible]	Exch. 11pc 1991	105[illegible]	+[illegible]	10.38	9.10
99	91[illegible]	Treas. 8pc 1991	96[illegible]	+[illegible]	8.28	9.03
116[illegible]	107[illegible]	Treas 12¾pc 1992‡‡	111[illegible]xd	+[illegible]	11.40	9.19
106[illegible]	97[illegible]	Treas 10pc 1992	102[illegible]	+[illegible]	9.73	9.16
99½	90[illegible]	Treas. 8pc 1992 ‡‡	96[illegible]	+[illegible]	8.30	9.03
108[illegible]	99½	Treas 10½pc Cv 1992‡‡	104[illegible]	+[illegible]	10.04	9.18
86[illegible]	79[illegible]	Treas. 3pc 1992	84[illegible]	+[illegible]	3.54	7.06
115[illegible]	105[illegible]	Exch. 12¼pc '92	110[illegible]	+[illegible]	11.05	9.29
121[illegible]	110[illegible]	Exch 13½pc 1992	115[illegible]	+[illegible]	11.68	9.33

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index–Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April 1987:101.8 and for November1987: 103.4

(rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	22¼	+⅓	$1.16	–	2.9
18⅝	8⅜	Rockwell Intl. $1	9⅞	+⅛	66c	–	3.7
30½	16¼	Sara Lee $1(1/3)	20⅛xd		$1.00	–	2.7
11½	8⅜	Saul (B. F.) $1	9½		20c	–	1.1
27½	21¼	Southwestern Bell $1	18⅞	+¼	h$2.32	–	6.7
22¼	994p	Staley Continental	11¼		80c	–	3.9
44½	21⅝	Sun Co. Inc. $1	29⅝	+1	$3.00	–	5.6
42¼	22⅞	TRW Inc. $0.625	27⅞xd	+⅙	h$1.60	–	3.2
37⅞	21⅝	Tenneco $5	23xd	–¾	$3.04	–	7.2
220	149½	Do. 10pcLn.Stk. 91-5	158xd		10%	–	14.7
29⅝	15⅞	Texaco $6.25	20⅞xd	+¼	$3.00	–	7.9
74½	36½	Time Inc. $1	44⅜xd	+¼	$1.00	–	1.2
20⅞	11	Tracor $0.33(1/3)	17½xd		40c	–	1.3
30¼	15	Transamerica $1	17⅝xd	+1	$1.84	–	5.8
14⅞	1¼	Transworld Corp $5	835p	+34	20c	–	1.3
27¼	12¼	TRINOVA Corp	18¼	–¼	56c	–	1.7
24½	12⅝	USX $1	18	+⅝	$1.20	–	3.7
37⅞	16⅞	Utd. Technologies	187xd	–⅛	$1.40	–	4.1
38⅝	25⅞	US West	28⅝	–½	$3.28	–	6.3
30½	17⅞	Waste Management $1	20⅝xd	+⅛	–	–	–
31⅞	11⅝	Whirlpool $1.0	13⅝	+⅞	–	–	–
37⅞	16⅞	Woolworth $3½	19½	+½	$1.32	–	3.8

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp	270p		–	–	–
26⅞p	10p	Abbot Energy Corp	16½p		–	–	–
18⅛	506p	Amer. Barrick Res	11½	–⅛	–	–	–
141p	5p	American Lightwave	6p	+1	–	–	–
122p	33p	Armeno	41p	–1	–	–	–
127p	39½p	Augmitto Expln	49p		–	–	–
19⅝	10⅝	Bk. Montreal	11⅝xd		$2.00	–	7.3
10½	488p	Bk. Nova Scot.	555p	+15	72c	–	5.4
20⅞	15	BCE	15⅝	+⅛	$2.40	–	6.4
10⅝	511p	Bow Valley	614p		440c	–	2.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES — Contd

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	Pearl Group 5p	408	+7	†10.5	–	3.5	–
*£11¼	733	Prudential	843	+5	†29.0	–	4.7	–
598	350	Refuge 5p	443	+5	15.75	–	4.9	–
595	345	Royal	404	+5	†h15.5	–	5.1	–
110	75	Saltire Ins. Invs.	88	+5	–	–	–	–
*345	168	Sedgwick Group 10p	228	+4	12.0	1.7	7.2	9.7
339	138	Steel Burrill J.10p	158	+3	†9.0	2.0	7.8	8.8
612	303	Stenge Hldgs 20p	329		†16.0	2.5	2.5	21.6
£12⅝	645	Sun Alliance	888	+8	†25.5	–	3.6	–
£23	865	Sun Life 5p	935	–8	†28.5	–	4.2	–
£69½	£36¼	♦Taisho M EDR	£43⅛	+⅛	Q1.0%	–	1.0	–
£22¼	£12⅜	Torchmark $1.00	£13⅝		Q$1.00	–	4.0	–
410	295	Trade Indemnity	357		†4.3	–	1.6	–
£34	£17⅞	Travelers $1.25	£19⅜	+⅛	$2.28	–	6.4	–
£30¼	£15⅜	USF & G Corp $2.50	£16⅝	+⅛	Q$2.48	–	8.2	–
£33⅞	£15¼	USLIFE Corp. $1.0	£16	–⅛	Q$1.28	3.2	4.4	7.1
738	525	♦Utd Friendly B 10p	560	+35	21.0	–	5.1	–
464	192	Willis Faber 12½p	245	+5	†10.75	2.4	6.0	9.3
128	43	Windsor Secs. 10p	58	–1	†0.7	1.5	1.7	–

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35¼	10	♦A & M Group 10p	14		–	–	–	–
242	77	Airtours 10p	87		L5.4	♦	9.0	♦
*549	253	Anglia TV	358	–1	†011.25	3.3	4.4	9.7
194	77	♦Aspinall Hldgs. 10p	163		†6.0	1.2	5.0	22.3
141	62	♦Avesco 1p	76		0.5	6.7	0.9	21.5
72	40	♦BCE Hldgs 5p	44		L1.0	♦	3.1	♦
300	132	Barr & W.A.T. 'A'	175	–5	†8.0	1.4	6.3	14.3
58	22	Bond Media	22		–	–	–	–
235	165	Boosey & Hawkes	170		–	–	–	–
85	28	♦Border T.V.	43		1.4	♦	4.5	♦
*439	432	Brent Walker 10p	287		†8.5	2.2	4.8	13.9
124	79	Do 6pc.Cv.Cm.Rd.Pf.	94	+1	6.0	–	8.7	–
*339	110	Campari Int. 20p	214	+21	†3.0	5.1	1.9	11.0

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Jubilant Xmas Eve for markets

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 7	Dec 17	Dec 18	Jan 4
Dec 21	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

*New time dealings may take place from 9.00 am two business days earlier.

UK SECURITIES markets celebrated Christmas with a fine display of the festive spirit, which sent the market traders home for the holidays in a happier mood than seemed possible only a few weeks ago. With the market officially closed at 1.00pm, trading volumes were naturally modest. But the equity market significantly extended its recent recovery, taking the FT-SE Index to within nine points of 1800. In a brisk Government bond sector, around £150m of the latest tranchettes of tap stocks was taken out within half an hour of being offered to the marketmakers.

The final reading on the FT-SE 100 Index showed a gain of 19.7 at 1791.1, its highest level since October 23, which was the Friday following Black Monday. There was no slackening in the spate of speculative features, with the oil share sector holding the centre of the stage as the City tried to decipher the Britoil-BP puzzle. The reaffirmation of the G7 currency stabilisation policies strengthened confidence on the international front.

The brisk demand for Gilts underlined the market's optimism regarding the UK economy, which has been in no way disturbed by the announcement of the November trade deficit. The bond market looks forward to a trading scene featured by minimum Government funding and a firm pound.

Of the tap tranchettes which came on issue yesterday morning, the full £100m of the 9½ pc Conversion '04 and about half of the £100m of 10pc Treasury '93 were quickly taken out. The '93 stock was supplied twice, finally at £102 24/32. The index-linked Treasury '06 tap stock, however, was largely ignored.

Britoil shares moved up 8 to 435p albeit in much-reduced turnover of 1.4m. "It was a mark-up rather than heavy buying following the Press response to the Takeover Panel news and the Treasury' actions" said a leading trader in Britoil shares.

This week has seen intense activity in Britoil with US group Atlantic Richfield revealing it had upped its stake in the UK oil group to 20.4 per cent. The Takeover Panel go-ahead for BP's 450p a share offer for Britoil was then followed by the Treasury reiterating its intention of using its "gold share" to block the bid.

The Britoil saga was only one of many news items in an oil sector that dominated equities. Crude oil prices, which fell sharply prior to last weekend, staged a strong recovery in the wake of the heightened tension in the Gulf and this triggered strong buying of an oil sector already given a major fillip by takeover news and rumours.

The Kuwait Investment Office continued to pick up **BP** partly paid shares yesterday after announcing that their stake, as at December 23, had been increased to 17.07 per cent. BP "new" shares were unaltered at 71½p with turnover in excess of 27m. BP fully paid hardened to 259p with over 6.2m shares traded.

Turnover in **British Gas** totalled 5.6m shares but 3.5m of this was in a single deal at 125½p –thought to have been a "bed and breakfast" deal.

Bid speculation gave a major boost to **LASMO**– up 5 more to 290p; from the new year RTZ will be allowed to bid for LASMO in which it holds a 29.9 per cent stake. **Enterprise,** where LASMO has a 25.35 per cent holding, rose4 to 279p.

Tricentrol were a fraction better at 169p following the rejection document to the 145p a share bid from French group Elf.

The big-four banks made modest progress with **NatWest** finally 4 better at 598p. **TSB,** a firm market recently following buy recommendations from BZW and Morgan Grenfell added 2 more at 118p.

Advice from **Moorgate Mercantile** to "take no action" after the bid approach from Woodchester saw Moorgate shares edge up 3 to 108p; Woodchester added 5 at 158p.

Leading Buildings responded positively to light support with **Costain** the feature at 289p, up 17 on speculation about a possible bid from Trafalgar House. **John Laing** were also in demand at 263p, up 7, while **George Wimpey** added 3 to 247p. **F.J.C. Lilley** attracted support following Press comment and added 4 to 44½p. **Charles Church** put on 8 to 111p and **Ward Holdings** gained 7 to 169p, the latter still reflecting good figures. Among Building Materials, **Blue Circle** slipped 4 to 436p in the absence of further bid developments.

Barton Group staged a good rally after the recent poor performance and settled 5 firmer at 222p on a turnover of 1.1m shares.

Fears of poor Christmas sales at Dixons failed to halt a strong rise in **Amstrad** which raced up 6 to 125p after persistent buying by Hoare Govett and Kleinwort Grieveson; turnover in Amstrad approached 5m.

Rolls-Royce were heavily bought and raced up 6 top 127p after a turnover of 5.9m shares as recent selling by overseas investors dried up. Interest in Foods centred on the perenial takeover favourites. **Ranks Hovis McDougall** were 10 up at 333p and **Dalgety** added 4 to 325p. **S. & W. Berisford** revived with a gain of 5 at 313p and **United Biscuits** improved a similar amount to 262p. Elsewhere, **Tate and Lyle** rose 16 to 802p in a market short of stock. Retailers showed **Dee,** the subject of an unwelcome offer from Barker and Dobson, firming 5 to 220p.

Internationals came in for widespread support and improved steadily throughout the shortened trading session. Gains ranging from around 3 to 8 were common to **Beecham,** 460p, **Fisons,** 275p and **Smith and Nephew,** 142p.

Pearson moved up 6 to 696p on a turnover of 238,000 shares, while **Reuters "B"** jumped 18 to 506p albeit in thin trading.

Pilkington put on 5 more to 240p still reflecting hopes that **BTR** will renew its bid intentions in the new year; **BTR** added 8 at 279p.

Owners Abroad, the travel group, enjoyed a speculative flurry and rose 19 to 85p; the company subsequently announced that it is not aware of any reason for the substantial increase in the price.

FINANCIAL TIMES STOCK INDICES

	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 18	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	88.45	88.10	88.19	88.21	87.72	-	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.67	94.70	94.71	94.69	94.88	-	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1432.3	1419.4	1408.9	1405.1	1377.8	-	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	303.7	304.4	303.1	305.6	313.8	-	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.34	4.39	4.44	4.46	4.55	-				
Earnings Yld. %(full)	10.87	10.98	11.11	11.17	11.38	-				
P/E Ratio (net)(*)	11.27	11.17	11.03	10.98	10.77	-				
SEAQ Bargains (5pm)	8,251	20,997	24,326	27,597	28,077	-				
Equity Turnover (£m)	-	1060.78	1964.07	1466.28	1498.46	-				
Equity Bargains	-	24,529	29,292	30,680	31,571	-				
Shares Traded (ml)	-	569.0	533.6	569.2	633.4	-				

S.E ACTIVITY

Indices	Dec. 23	Dec. 22
Gilt Edged Bargains	70.7	92.6
Equity Bargains	158.9	189.8
Equity Value	2144.1	3969.9
5-Day average		
Gilt Edged Bargains	99.7	110.4
Equity Bargains	190.2	191.9
Equity Value	2981.7	2998.3

♥ Opening	10 a.m.	11 a.m.	Close	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1423.7	1429.5	1431.9	1432.3	-	-	-	-

Day's High 1432.8 Day's low 1423.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=11.16.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declarations Jan 7
- For Settlement Jan 18

For rate indications see end of London Share Service

Stocks attracting "call" money included **Bulmer, Hogg Robinson, Baratt Devs, Jaguar, Marks & Spencer, Bryant Hldgs, Thomas Robinson Group.**

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (6).

BRITISH FUNDS (3) Transport 3pc. 1978-88, Treas. 8pc. Cnv. 1990 (250pd), Treas. 2pc. Il 1988, HOTELS (1) Savoy "A". LEISURE (1)Webb (Jos.), OILS (1) Britoil.

NEW LOWS (11).

AMERICANS (1) BASIX Corp., CANADIANS (1) Breakwater Corp., BANKS (2) Ansbacher (H.), Cie B'cre, STORES (1) Wickes, TRUSTS (1) Nth. Atlantic Secs., OILS (2) Intl. Pet. Corpn., Monarch Res., MINES (2) Grootvlei, Acorn Securities, THIRD MARKET (1)Lynx Technology.

FT – ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Thursday December 24 1987	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Wed Dec 23 Index No.	Tue Dec 22 Index No.	Mon Dec 21 Index No.	Year ago (approx) Index No.	1987 High		1987 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	737.97	+1.4	9.75	3.91	12.87	20.99	727.77	721.26	720.88	689.99	1038.07	16/7	618.07	10/11	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (30)	978.73	+0.7	10.07	3.84	12.35	27.46	972.06	971.66	935.98	855.55	1381.08	16/7	798.03	4/12	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (33)	1403.42	+1.6	9.43	3.57	14.07	34.99	1387.81	1360.97	1349.39	1176.03	1951.58	16/7	1115.39	10/11	1951.58 16/7/87	71.48 2/12/74
4	Electricals (14)	2051.59	+1.0	8.92	4.53	14.58	65.15	2038.51	2030.07	2036.55	1744.52	2733.45	20/7	1661.76	10/11	2733.45 20/7/87	84.71 25/6/62
5	Electronics (33)	1550.05	+1.2	10.30	3.35	12.68	38.66	1531.15	1510.90	1518.48	1539.17	2236.70	17/7	1375.66	1/12	2236.70 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (60)	373.69	+1.3	10.00	4.41	12.59	12.47	368.75	365.16	366.03	389.22	544.57	14/10	296.26	10/11	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	437.46	+1.6	9.66	3.83	12.49	12.87	430.37	428.41	438.29	350.64	596.67	9/10	348.64	9/11	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	275.33	+2.4	10.93	4.23	10.65	7.46	268.98	265.62	268.74	266.08	411.42	13/10	221.69	4/12	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1255.82	+2.2	8.44	4.14	14.10	39.00	1228.39	1214.30	1248.64	1167.94	1736.80	22/9	1051.78	10/11	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (182)	1048.35	+0.8	8.36	3.47	15.24	25.82	1039.81	1031.33	1030.94	944.78	1406.32	16/7	919.77	9/11	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (21)	1004.86	+0.5	10.75	3.92	11.78	25.39	1000.14	993.29	991.24	923.43	1269.35	16/7	877.37	9/11	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	854.95	+1.1	9.01	3.77	14.23	23.39	846.04	838.98	835.27	731.30	1092.25	16/7	726.65	9/11	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (17)	2102.51	+1.5	7.60	2.89	17.48	47.36	2070.75	2058.92	2083.34	1852.83	2649.96	16/7	1848.05	10/11	2649.96 16/7/87	54.25 11/12/74
27	Health and Household Products (10)	1803.42	+1.0	6.51	2.49	18.33	33.67	1786.35	1746.97	1764.34	1638.74	2699.85	16/7	1590.82	10/11	2699.85 16/7/87	175.38 28/5/80
29	Leisure (29)	1154.04	+0.7	7.54	4.04	16.57	31.98	1146.12	1134.07	1129.92	974.29	1504.79	13/10	943.07	9/11	1504.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (16)	511.21	+1.1	8.24	3.54	15.96	12.71	505.89	508.99	499.64	487.51	739.48	16/7	427.56	10/11	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (15)	3375.01	+0.8	6.49	4.33	19.46	99.38	3347.18	3329.35	3331.57	2737.53	5070.66	5/10	2713.49	2/1	5070.66 5/10/87	55.08 6/1/75
34	Stores (35)	860.34	+0.2	8.72	3.52	15.39	21.77	859.05	855.56	842.47	829.79	1160.58	29/7	749.46	3/12	1160.58 29/7/87	52.63 6/1/75
35	Textiles (16)	607.12	+1.9	10.83	3.88	10.64	17.67	595.52	609.62	622.95	550.38	914.52	2/10	515.17	30/11	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (87)	868.53	+1.3	10.62	4.26	11.70	27.29	857.46	848.64	852.63	818.35	1192.48	8/10	759.10	10/11	1192.48 8/10/87	58.63 6/1/75
41	Agencies (17)	1078.91	+2.1	6.48	2.22	19.71	17.38	1056.77	1043.91	1047.01	0.0	1795.57	17/7	870.35	4/12	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (21)	1102.08	+1.1	9.29	4.25	13.21	33.69	1090.02	1068.13	1076.32	1013.51	1545.46	5/10	928.61	10/11	1545.46 5/10/87	71.28 1/12/74
43	Conglomerates (13)	1144.53	+0.4	10.38	4.56	11.06	39.30	1139.91	1131.06	1127.56	0.0	1547.01	8/10	975.19	10/11	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (11)	1748.15	+0.9	9.72	4.72	13.49	57.89	1732.33	1734.16	1760.32	1533.16	2497.85	16/7	1535.32	9/11	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	910.05	+2.1	11.83	4.65	11.25	31.99	891.62	886.41	890.62	849.23	1274.14	9/6	813.40	7/12	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (23)	1187.40	+0.9	12.94	4.02	9.19	35.16	1176.67	1160.43	1165.80	1112.18	1773.70	5/10	1039.40	10/11	1773.70 5/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	928.54	+1.1	9.33	3.80	13.50	25.45	918.52	910.32	911.19	854.90	1268.86	16/7	804.87	10/11	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (17)	1736.40	+1.2	9.57	5.67	12.89	66.21	1715.06	1681.78	1682.68	1492.22	2458.68	16/7	1487.60	2/12	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	997.02	+1.1	9.36	4.07	13.41	28.96	986.04	975.70	976.58	908.86	1369.88	16/7	867.65	10/11	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (121)	658.25	+0.8	–	4.77	–	22.43	653.07	639.23	636.09	609.97	896.67	13/10	565.33	10/11	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	663.54	+0.5	19.95	5.92	6.62	26.94	660.24	634.66	625.13	676.68	898.38	16/7	577.39	4/11	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	966.20	+0.2	–	4.77	–	32.56	963.11	938.82	916.69	857.95	1285.72	9/10	821.55	9/11	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	522.42	+0.7	–	5.27	–	20.16	518.99	517.94	523.89	454.98	787.58	13/10	448.44	1/12	787.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	930.36	+1.8	11.93	6.18	10.73	40.26	913.56	916.43	920.78	1134.49	1399.56	17/7	709.92	9/11	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	351.20	.....	–	4.06	–	10.69	351.11	340.17	340.20	350.61	547.59	12/10	386.65	10/12	547.59 12/10/87	31.21 7/1/75
69	Property (49)	1015.78	+1.6	5.18	3.02	24.66	22.75	999.56	991.34	995.80	803.47	1374.86	16/7	885.82	5/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	393.15	+0.9	9.29	4.05	13.61	12.01	387.75	378.67	377.86	362.22	603.48	16/7	339.79	1/12	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (87)	806.15	+0.9	–	3.14	–	18.67	799.10	799.33	804.77	868.45	1207.90	5/10	726.15	10/11	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	463.38	+2.7	9.81	3.68	11.48	12.77	451.32	445.62	429.94	337.62	727.93	3/8	336.91	10/11	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (10)	977.02	+1.0	9.25	5.11	12.69	37.00	967.05	948.82	940.33	768.48	1364.12	13/10	778.26	2/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (720)	985.12	+1.1	–	4.15	–	26.87	895.48	884.84	884.50	829.11	1238.57	16/7	784.81	10/11	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 23	Dec 22	Dec 21	Dec 18	Dec 17	Year ago	1987 High		1987 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1791.1	+19.7	1792.3	1780.2	1771.4	1747.4	1750.2	1717.0	1706.2	1665.1	2443.4	16/7	1565.2	9/11	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Thu Dec 24	Day's change %	Wed Dec 23	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.50	+0.29	123.15	–	11.06
2	5-15 years	138.50	+0.53	137.76	–	14.40
3	Over 15 years	146.54	+0.69	145.53	–	14.19
4	Irredeemables	161.17	+0.75	159.97	–	13.59
5	All stocks	135.83	+0.49	135.17	–	13.32
	Index-Linked					
6	5 years●	123.50	+0.22	123.23	–	2.92
7	Over 5 years●	115.83	+0.16	115.65	–	3.43
8	All stocks●	116.29	+0.16	116.11	–	3.37
9	Debentures & Loans	116.04	–0.02	116.06	–	10.69
10	Preference	85.22	+0.04	85.18	–	6.24

	AVERAGE GROSS REDEMPTION YIELDS		Thu Dec 24	Wed Dec 23	Year ago (approx.)	1987 High		1987 Low	
	British Government								
1	Low	5 years	8.78	8.83	9.83	9.92	19/10	7.52	11/5
2	Coupons	15 years	9.46	9.53	10.22	10.27	19/10	8.53	8/5
3		25 years	9.31	9.37	10.22	10.08	2/1	8.55	8/5
4	Medium	5 years	9.39	9.48	10.91	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.65	9.71	10.52	10.51	19/10	8.74	8/5
6		25 years	9.56	9.63	10.26	10.24	19/10	8.75	8/5
7	High	5 years	9.49	9.57	10.97	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.81	9.87	10.69	10.67	19/10	8.86	8/5
9		25 years	9.57	9.64	10.31	10.31	19/10	8.72	8/5
10	Irredeemables	†	9.21	9.29	10.07	10.30	19/10	8.41	9/11
	Index-Linked								
11	Inflation rate 5%	5yrs.●	2.97	3.01	3.90	4.03	19/10	2.83	20/5
12	Inflation rate 5%	Over 5 yrs.●	3.95	3.95	3.85	4.63	19/10	3.30	6/4
13	Inflation rate 10%	5 yrs.●	3.48	3.41	2.36	4.14	19/10	0.85	24/3
14	Inflation rate 10%	Over 5 yrs.●	4.03	4.05	3.68	4.65	19/10	3.17	27/3
15	Debs &	5 years	10.97	10.96	11.63	11.86	20/10	9.46	12/6
16	Loans	15 years	11.05	11.05	11.39	11.67	20/10	9.79	23/3
17		25 years	11.10	11.10	11.39	11.49	20/10	9.84	23/3
18	Preference	†	10.64	10.64	11.86	11.83	2/1	10.05	22/6

♦Opening index 1780.2; 10 am 1784.4; 11 am 1788.8; Noon 1791.1; 1 pm -; 2 pm -; 3 pm -; 3.30 pm -; 4 pm -

●Corrected figures for December 14 and 15 are available from FT Prices .Tel.01-403-0669.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

FINANCIAL DIARY

YESTERDAY

DIVIDEND & INTEREST PAYMENTS-

GKN 6½% Un. Ln. 1988/93 3¼pc.

GKN (United Kingdom) 6% Gtd. Deb. 1984/89 3pc.

Do. 6¼% Gtd. Deb. 1984/89 3⅛pc.

Do. 6½% Gtd. Deb. 1984/89 3¼pc.

Do. 7½% Gtd. Deb. 1986/91 3¾pc.

Do. 7¾% Gtd. Deb. 1987/92 3⅞pc.

Do. 7¾% Gtd. Deb. 1987/92 (Ser. 2) 3⅞pc.

[illegible]

Do. 8% Cnv. Un. Ln. 2006/11 4pc.

Avon Rubber 7p

Do. 4.9% Cum. Prf. 2.45p

Aylesbury Brewery 4% Red. Mtg. Deb. 2pc.

BICC 7¾% Deb. 1990/95 3⅞pc.

BOC Group 4.55% Prf. 2.275p

Do. 3.5% 2nd Prf. 1.75p

Do. 2.8% 2nd Prf. 1.4p

BOM Hldgs. 3% Cnv. 2nd Mtg. Deb. 1989 1.5pc.

[illegible]

Coats Patons 4¼% Un. Ln. 2002/07 2⅛pc.

Do. 6¾% Un. Ln. 2002/07 3⅜pc.

Do. 7½% Un. Ln. 1990/95 3¾pc.

Collins (William) 6% Deb. 1993/98 3pc.

Colman (E. Alec) Invs. 8½% 1st. Mtg. Deb. 1986/91 4¼pc.

Colne Valley Water 4.55% Red. Prf. 1982/87 2.275pc.

Comben Group 7¾% Un. Ln.1992/97 3⅞pc.

Conoco 7¾% Gtd. Un. Ln. 1987/93 3⅞pc.

[illegible]

Futura Hldgs. 7% Cum. Prf. 2.45p

GATX 37.5cts.

G.R. (Hldgs.) 10½% 2nd. Cum. Prf. 5.25p

G.T. Japan Inv. tst. 8½% Cnv. Un. Ln. 1987 4¼pc.

Gadek (Malaysia) Berhad 10% 1st. Mtg. Deb. 1983/88 5pc.

Gartmore European Inv. Tst. 9½% Deb. 1991/96 4¾pc.

Gaskell Broadloom 5% Cum. Prf. 1.75p

[illegible]

McKechnie 10% Cnv. Sub. Un. Ln. Units 1994/99 5pc.

Macallan-Glenlivet 6¾% Cnv. Un. Ln. 2006 3⅜pc.

Manganese Bronze Hldgs. 8¼% Cum. Prf. 2.8875p

[illegible]

Continued on Page 5

LONDON TRADED OPTIONS

Option		CALLS Jan.	CALLS Apr.	CALLS Jul.	PUTS Jan.	PUTS Apr.	PUTS Jul.
Allied Lyons (*353)	300	58	70	78	2	10	16
	330	32	50	57	9	18	28
[illegible]							

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
LASMO (*290)	260	52	62	72	22	35	41
	280	40	50	60	30	45	53
[illegible]							

WORLD STOCK MARKETS

CANADA

TORONTO

Closing prices December 28

MONTREAL

Closing prices December 28

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 27

CHIEF LONDON PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISES

Amstrad	125	+	6
BICC	347	+	6
Britoil	435	+	8
Burton Group	221	+	5
Church (Charles)	111	+	8
Costain Group	300	+	18
Hammerson A	555	+	15
LASMO	280	+	5
Owners Abroad	85	+	19
RHM	333	+	10
Speyhawk	341	+	28
Top Value Inds.	95	+	17

TOKYO - Most Active Stocks

Monday December 28 1987

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	20.93m	362	+11
Kawasaki Steel	13.94m	308	+17
Japan Synthetic Rubber	7.26m	999	+18
Nippon Kokan	5.36m	266	+6
Ishikawajima Harima Heavy Ind	4.70m	608	+32
Mitsubishi Heavy Ind	4.22m	520	-4
Japan Line	4.16	178	-3
Hitachi	3.75m	1,150	+20
Nisshin Steel	3.40m	555	+27
Matsushita Electric Ind	3.39m	2,090	+60

Indices

NEW YORK

DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.9	17	134	19	18⅞	19	−¼
32½	19	AFG s	.16	.6	9	244	28⅛	27½	27⅝	−¾
27	10½	AGS s			14	310	17	16⅞	16¼	−1
10½	6¾	AMCA				6	6⅝	6½	6⅝	+⅛
9⅝	3¼	AM Intl			33	1164	4⅞	4½	4⅝	−⅜
65½	26¾	AMR			10	2379	37	36	36	−1⅝
12¼	6⅜	ARX s			7	148	7⅜	7⅛	7¼	−⅛
73½	35⅛	ASA	2a	3.9		502	51¾	50⅝	51⅛	+½
22⅝	8½	AVX			19	188	14⅞	14⅝	14¾	
67	40	AbtLab	1	2.1	18	2485	47¼	46	46¾	−1¼
28	15⅝	Abitibi g				50	21	20⅝	21	−¼
16¾	8½	AcmeC .40		3.4	17	58	11⅞	11⅝	11⅞	
10½	6⅞	AcmeE .32b		4.6	24	13	7	7	7	
20	14⅛	AdaEx 3.44e		23.		348	14⅞	14¾	14¾	
19½	6⅞	AdamM .24		2.7	7	54	9⅛	8⅞	8⅞	−¼
35	17½	AdvSys			14	250	31⅜	30¾	31⅛	−¼
24⅞	7½	AMD				5064	10	9⅝	9⅞	−⅜
56¾	28¼	AMD pf	3	9.8		163	32	30¾	30¾	−1¼
11⅞	4⅝	Adobe				281	5⅜	5	5	−⅜
20½	15¾	Adob pf 1.84		11.		59	16½	16⅜	16½	
21⅞	17½	Adob pf 2.40		12.		63	19⅞	19¼	19¼	−½
15	6⅛	Advest .12a		1.8	5	395	7	6⅝	6¾	−⅜
68¼	43¾	AetnLf 2.76		6.2	8	1494	44⅞	44⅛	44⅝	−¼
83½	34¾	AflPb s .40		.7	8	283	54½	53	53⅝	−⅜
26⅞	13	Ahmans .88		5.8	6	1762	15¼	15	15⅛	−½
5⅜	1⅜	Aileen				316	2⅛	2	2	−⅛
53⅞	29	AirPrd	1	2.5	14	x904	40	39¼	39¾	−⅞
38	11⅛	AirbFrt .60		4.1	9	230	14⅝	14¼	14½	−½
16½	6¾	Airgas			14	176	10¼	9½	9½	−1
19½	13½	Airlease 2.16e		15.	8	87	15	14¾	14¾	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

NYSE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49	37½	PhE	pfB4.30	10.		z780	41	41	41	+⅛
49	36½	PhE	pfC4.40	11.		z10	39½	39½	39½	−½
54	39	PhE	pfD4.68	11.		z100	44	44	44	
97⅛	69	PhE	pfG8.75	11.		z200	78	77½	78	+½
13¾	11	PhE	pfR1.41	12.		7	12¼	12⅛	12⅛	−¼
13	9⅞	PhE	pfP1.33	12.		7	11⅜	11¼	11⅜	+⅛
12⅞	9¾	PhE	pfO1.28	12.		25	11	10¾	10¾	−¼
120½	110	PhE	pfM15.25	14.		z310	112¾	112	112¾	+¾
103	79	PhE	pfK9.50	12.		z350	82½	82	82½	+⅝
88	64	PhE	pfJ7.80	12.		z1140	68	67¼	67¾	−¼
19	12⅛	PhilSub	.94	7.0	13	8	13¾	13½	13½	
124½	71⅝	PhilMr	3.60	4.7	12	4206	89	87⅞	87½	−2⅜
23⅞	12½	Philpin	.44	2.8	11	420	15⅝	15⅛	15½	−⅛
27⅜	13¾	PhilGl	.85e	5.8	7	921	14⅞	14⅜	14¾	
18¾	10	PhilPet	.60	4.7		8856	13⅛	12½	12¾	−½
24¾	22⅝	PhlPt	pf1.73e	7.2		6	24	23⅞	24	
26½	7½	PhlVH	s .28	2.7	5	238	11	10¼	10¼	−½
12	2⅝	Phlcorp				205	3	2⅞	2⅞	−⅛
26¼	17½	PiedNG	1.32	6.8	9	9	19¾	19½	19½	−⅜
14⅝	4⅝	Pier 1	.06	1.2	7	2581	5⅜	5	5⅛	−¼
9½	5¼	PilgRg	.27e	4.3		1090	6½	6¼	6¼	
15⅜	3⅜	PilgPr	.06e	1.5	9	354	4⅜	4⅛	4⅛	−⅛
49⅞	28	Pilsbry	1.12	3.3	14	1592	34	33⅝	33⅞	−⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28½	16¼	USLICO	s.88	4.2	9	437	21	20¾	20¾	
32⅞	13¼	USPCI	s		40	44	27⅞	27¾	27¾	
32¼	19½	UST	s 1.48	5.8	12	538	26	25¼	25½	−⅞
39⅝	21	USX	1.20	3.9		4341	31¾	30¾	31	−1⅝
51	33⅛	USX	pf4.34e	9.5		10	45⅞	45⅝	45⅞	
103½	87¾	USX	pf10.75	11.		2	97⅞	97⅞	97⅞	
63	41½	USX	pr 3.50	6.9		205	51	51	51	−2¼
5¾	9-32	USX	wt			345	2	1⅝	1⅞	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
85	50	Xerox	3	5.2	12	2084	58½	57	57¼	−1⅜
58¼	52½	Xerox	pf5.45	10.		8	53⅜	53	53⅛	+⅛
31½	19⅞	XTRA	.64	2.9	14	311	22⅛	21¼	22⅛	+⅜
28¼	19½	XTRA	pf1.94	9.0		66	21⅝	21⅛	21⅝	−⅛
33⅞	18¼	Yorkin			10	42	23¾	23½	23⅝	−⅝
7¼	2¼	Zapata				703	2¾	2½	2¾	
37	13½	Zayre	.40	2.7	5	2512	14⅞	14⅝	14⅞	−¼
16⅛	8¼	Zemex	.40	4.4	8	33	9¼	9⅛	9⅛	
33⅝	13	ZenithE				828	15⅜	14½	14¾	−⅞
13½	2⅞	ZenLab				2026	3⅛	3	3	−¼
26½	13½	ZeroN	.80	5.2	8	655	15½	14½	15½	+½
20⅝	11⅝	Zero	.36	2.3	15	151	15⅞	15¼	15½	−⅝
30¾	15	Zurnin	s .68	3.7	12	372	19	18⅝	18⅝	−⅜
10⅝	7⅝	Zweig	.92e	10.		601	8⅞	8¾	8⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 25

Dow falls back sharply in very light trading

Wall Street

US EQUITIES plunged yesterday in response to the dollar's new record lows on the foreign exchanges and acute weakness in the Tokyo stock market, *writes Janet Bush in New York.*

The market had already looked somewhat vulnerable after its substantial rally in recent weeks and there had been some disappointment that the Dow Jones industrial average had failed to sustain itself above the key pyschological 2,000 level at its close before Christmas.

The Dow index closed 56.70 points lower at 1,942.97. The fall came in light volume as many institutions and traders are still away for Christmas and New Year celebrations.

Institutional activity was subdued with much of the selling pressure coming from professionals and from programme trading activity. The Dow fell more than 50 points within the first hour and then stabilised for the rest of the morning session before drifting further in the afternoon.

During the morning, declining stocks outnumbered advancing issues by 10 to 1.

The US bond market was also hit by the dollar's fall to new post-war record lows against the West German D-Mark and the Japanese yen.

The market's bounce after last week's statement by the Group of Seven industrial nations, confirming their commitment to supporting the dollar and furthering economic cooperation, had always looked surprising.

The statement had been widely expected, had been drafted well before the bills to cut the budget deficit had been tied up and signed and added no new policy initiatives.

After a moderately positive initial response, both foreign exchange and bond markets started to react negatively on Christmas Eve, but trading had been thin and market movements relatively small.

Yesterday saw the dollar react fully for the first time to disappointment about the statement and US securities markets fell in sympathy

Bonds were further undermined by an overhang of stock on traders' books after last week's auctions of two and four-year notes. There is now concern about foreign interest in the next auction of seven-year notes due to be announced today and auctioned in a week's time.

At one point, the long end of the bond market was down around 1½ points but some of this loss was recovered as the stock market fell. The US Treasury's 30-year 8.875 per cent benchmark issue closed around 11/16 point lower, its yield dropping back just below 9 per cent.

On the equity market, blue chip issues were hard hit. International Business Machines slumped to close $4¼ lower at $115⅝, Merck plunged $4¼ to $156¼ while General Electric was $1⅛ lower at $44⅞. Dow Chemical stood $3¾ lower at $88¼ and Eastman Kodak declined $2 to $48¼.

The fall in the dollar encouraged a rise in the gold price which helped gold mining stocks to outperform other sectors. Battle Mountain gained $½ to $18⅞ while Homestake Mining fell by $⅛ to $18½ and Newmont Mining was down $½ at $35½.

Prime Computer was off $⅞ at $14⅜ after news it had launched a $390m hostile takeover offer for Computervision whose shares bucked the trend in the wider market and jumped $4¼ to $13¼.

NEC's American Depository Receipts fell $5¼ to $74¼. NEC said it planned to begin producing printers in the US sometime next spring. A spokesman for the company in Tokyo said that if the yen continued to appreciate against the dollar, the company might have to product locally all the printers it now exports to the US.

Catalyst Energy Corp was another stock which profited from being subject to a bid. Its stock rose $3 to $9⅛ after news that a group of certain members of its management had offered to acquire the company for $10 a share.

Canada

BLUE CHIP stocks and metals led falls in Toronto as the market followed Wall Street down in the wake of the dollar's plunge.

Among the blue chips, Seagram was down C$1¼ at C$73¾ and Northern Telecom lost C$⅜ to C$23¼.

Base metal miners saw Alcan Aluminium fall C$1⅛ to C$35⅝, Inco lose C$¾ to C$28¾ and Falconbridge end C$¼ lower at C$24½.

Golds saw Lac Minerals down C$½ to C$13 and Hemlo steady at C$19.

SOUTH AFRICA

THE RISE in the bullion price gave a boost to Johannesburg gold shares, but turnover was subdued because of the bank holiday in London.

Leading golds to show gains were Vaal Reefs, up R15 at R355, Driefontein, 25 cents higher at R41.25, Randfontein, which added R8 to R280, and Kloof, up R1.50 at R42.25.

Diamond stock De Beers held steady at R30, but mining financial Anglo American eased 25 cents to R55.75.

Industrials were unchanged to firmer, with SA Breweries up 35 cents at R16.50 and Sasol adding 5 cents to R7.90. Barlow Rand was steady at R19.75.

Janet Bush in New York considers whether the 1987 crash will go down in history as more than a mere statistical wonder

Dangers of a self-fulfilling prophecy on Wall Street

THE STATISTICAL records show that every time the US stock market has declined more than 35 per cent, the collapse has been followed by an economic recession.

Including the plunge in share prices this autumn, there have been nine stock market declines of this magnitude this century. The burning question now is whether this year's collapse will conform with historical precedent and lead to recession.

Looking at past experience of bear markets, traders and investors could be excused for being a little rattled. Statistics alone are of limited use in anticipating the post-crash pattern this time. The clue to predicting the impact of a substantial stock market decline still lies with such realities as policy response and the robustness or otherwise of the real economy.

Nevertheless, when signals from the real economy are clouded and the policy response therefore uncertain, a market will inevitably turn to technical analysis for lack of anything more concrete. The danger is that technical analysis becomes self-fulfilling.

If investors are afraid that October's 35 per cent-plus share price collapse will lead to a recession like all the others, they will boycott the market, share prices will continue to fall, more personal wealth will be wiped out and the chances of a recession will have increased dramatically.

Any who doubt the power that technical analysis exerts on a market should remember the influence both on the way up and the way down of Mr Robert Prechter, whose predictions are based entirely on past patterns (the Elliot Wave Theory).

The longest sustained downturn in equity prices this century, as well as the largest, occurred between September 1929 and July 1932. That bear market was triggered by what is now known in the history books as the Wall Street crash of October 28 and 29, leading to the Great Depression. Over that whole period, the Dow Jones index of leading industrial stocks dropped by a staggering 89.2 per cent.

The stock market crash of 1987 has so far been more limited but telescoped into a very short period. The decline can be measured from the market's peak on August 25 to the close on October 19, or Black Monday. In this eight-week period, the Dow Jones industrial average plunged by 36.1 per cent.

The 1987 crash will certainly provide statisticians with superlatives. The freefall in share prices on October 19 constituted the largest ever one-day percentage fall in stock values by a very long chalk - the drop of 22.61 per cent compared with a fall of 12.82 per cent on October 28 1929, the worst single day of the 1929 to 1932 bear market.

The open question is whether the crash of 1987 will trigger developments (as the 1929 crash did) which will be written into the history books as well as providing excitement for statisticians.

No bear market repeats the pattern of a previous one and so far the aftermath of October 19 has been substantially different from the weeks that followed October 28 1929.

In the 10 weeks between Black Monday and just before Christmas, the Dow had recovered by 266.9 points, more than half the 508 points fall on October 19. The recovery in the 10 weeks after the 1929 crash was far less dramatic. The industrial index stood only 18.78 points above the close on October 29.

Another difference between the two periods is that in 1929 the stock market quickly recorded new lows, falling another 13.6 per cent within a fortnight of the major collapse. This time around, the low has not been seriously tested.

The market has dipped sharply since October 19, reaching a low of 1,766.74 at the close on December 4. But was it low enough? Mr Philip Roth, technical analyst at E.F. Hutton, notes this was a successful test of the lows on some technical measures but only a secondary low on others. Ms Gail Dudack at Warburg Securities in New York calls the decline a "relatively good test in technical terms" but concludes that it was not a "good market trough."

It may seem strange to investors who simply want the market to get back to where it was before the crash (so that they can cash in their chips) but technicians are disappointed that there has not been a really good market fall since October 19.

The power of precedent works both ways. One of the most important supports for the equity market as the end of the year approaches has been the so-called January effect – the belief that because share prices have traditionally risen in January, they will again this year.

For what it's worth, share prices rose 9.4 per cent in January 1930.

EUROPE

THE FAILURE of central bank intervention to reverse the plunging dollar in Europe yesterday led to a renewed bout of selling across all the major bourses, with share price movements exaggerated by the thinness of post-Christmas trade.

FRANKFURT saw prices slide as the dollar hit a record low fixing of DM1.6022 in very quiet turnover. The FAZ index closed down 11.11, or 2.5 per cent, at 428.40.

Once again, export-oriented stocks were badly hit, with BMW losing DM19 to DM461 and VW shedding DM11.90 to DM222.10 in the car sector. Electronics leader Siemens was down DM13.50 at DM362 and electrical AEG fell DM16.10 to DM194.50.

London markets were closed for the Boxing Day bank holiday.

Chemicals saw BASF off DM8.30 at DM255 and Bayer and Hoechst both losing DM8.80 to DM267 and DM255.

Among banks, Deutsche was off DM16.90 at DM396 and Commerzbank lost DM10.50 to DM215.50.

Bonds were unchanged to firmer in the wake of the dollar's fall. Trading remained very quiet. The Bundesbank sold DM82.3m worth of paper after selling DM52.4m last Wednesday.

PARIS moved lower under the combined pressure of the dollar's poor performance and the weakness of the Tokyo market.

Construction and electrical issues were among the worst affected in lacklustre trading, with few buyers in evidence. Bouygues shed FFr54 to FFr905 and Lafarge-Coppee FFr75 to FFr1,195. Thomson-CSF lost FFr35 to FFr750 and Moulinex FFr2.30 to FFr40.20.

In the oil sector, Elf Aquitaine was FFr7 cheaper at FFr223.

ZURICH fell sharply as the dollar dropped to a record low against the Swiss franc and foreign and institutional investors stayed away from the market. The Credit Suisse index lost 12.3 to 419.4 from last Wednesday.

Banks and insurers were hit, with Union Bank losing SFr100 to SFr3,000 and Swiss Bank dropping SFr12 to SFr345, while Swiss Re was down SFr750 at SFr11,800 and Winterthur shed SFr100 to SFr4,850.

AMSTERDAM also saw thin trading, with stocks dropping on the dollar's weakness and Wall Street's early losses. The CBS Tendency index closed 3.2 lower at 64.9.

The international stocks suffered in particular, with Akzo down Fl 5.80 at Fl 87, Philips off 90 cents at Fl 26.70 and Unilever falling Fl 6.50 to Fl 102.20.

MILAN slumped from the start as the dollar and Tokyo's falls took their toll on an already uncertain and thin market.

Cars and electricals, affected by worries over exports, suffered badly. Fiat lost L303 to L8,370.

Olivetti was off L88 at L7,465 and insurer Generali dropped L2,350 to L86.900. But Italcementi managed to confine its fall to L700, ending at L100,100.

BRUSSELS registered sharp losses in key stocks as unusually thin volume exaggerated movements. The stock index lost 33.18 to 3,634.94.

Petrofina ended BFr300 lower at BFr8,500 and Solvay was BFr500 lower at BFr9,500.

Some banks held out against the trend, with BBL adding BFr30 to BFr2,580.

STOCKHOLM was down in light trading, with forestry and car stocks showing the biggest falls. SCA lost SKr10 to SKr255 and Volvo also shed SKr10 to SKr267.

OSLO ended mixed to lower. Among gains, insurer Storebrand added NKr1.50 to NKr54 and industrial Orkla Borregaard put on NKr13 to NKr355.

MADRID plunged in line with the rest of Europe, with the general index losing 9.77 to 224.43. Leader Telefonica dropped 17½ percentage points to 153½ per cent of nominal market value.

ASIA

Late buying lifts Nikkei from lows

Tokyo

A HUGE setback in Tokyo yesterday on the last trading day of the year was reversed towards the close when leading brokerage houses and investment trusts stepped in to buy stock, *writes Shigeo Nishiwaki of Jiji Press.*

The yen's surge to a new high against the dollar sent the Nikkei average plummeting 596 points in the middle of the half-day session. But the late buying prevented a sixth consecutive lower close and the Nikkei finished 30.56 higher at 21,564.00. Turnover was a very thin 269m shares.

The dollar's fall below Y124 initially sparked selling by already bearish individuals and institutions, driving the market indicator below 21,000 for a time. Securities house dealers, investment trusts and some institutional investors judged that to be the bottom and returned to buying, according to an official at a leading brokerage house.

Many dealers apparently also wanted to prevent the market barometer from ending 1987 on a lower note in view of the impact that could have on the market in the new year.

As a result, the Nikkei has registered a 15.3 per cent increase over the year, scoring a double-digit gain for six years on end. But it ended down 19.1 per cent from its all-time high of 26,646.43 on October 14.

Yesterday's late buying sent high-technology issues up sharply. Electricals, which had been losing ground due to the yen's appreciation, benefited in particular. Matsushita Electric Industrial lost Y60 before closing Y60 higher than Saturday at Y2,090. NEC finished Y20 up at Y1,850 after falling Y40, Sony added Y50 to Y4,750 and Fuji Photo Film put on Y80 to Y4,000.

Nippon Telegraph and Telephone (NTT) fell Y60,000 temporarily, but closed unchanged at Y2.16m, still far lower than the Y2.55m price at which the Government released the second batch of NTT shares in November.

Large-capitalisation stocks also rallied well. Nippon Steel, top of the active list with 20.93m shares changing hands, rose Y11 to Y362, while Kawasaki Steel jumped Y17 to Y308 on the second heaviest trading of 11.94m and Nippon Kokan gained Y6 to Y266. Tokyo Electric Power closed Y50 higher at Y5,150 after suffering a Y300 plunge.

On the bond market, the yen's sharp appreciation encouraged dealers to buy in small lots, pushing down the yield on the barometer 5 per cent government bond due in December 1997 to 4.540 per cent at one stage from 4.570 per cent on Saturday. It later rose to 4.550 per cent, reflecting the stock market's steep plunge, and then fell again as stock prices recovered. Trading was low at only Y177bn.

Shares on the Osaka Securities Exchange ended the year with a sixth consecutive drop due to the yen's sharp advance. The OSE stock average fell 101.97 from Saturday to 21,644.53 on half-day transactions of 25m shares.

Hong Kong

THE EARLY fall in the Tokyo market and the plunge in the dollar prompted selling in Hong Kong which pushed share prices sharply lower in the absence of buying interest.

The Hang Seng index, lower from the start, dropped below the 2,300 level in the last half hour of trading to end 92.32 points down at 2,286.75, a day's fall of nearly 4 per cent.

Volume was low, with turnover amounting to HK$867m compared with HK$798m in Thursday's half-day session. The Hong Kong index shed 61.50 to 1,495.46.

Profit-taking in the wake of last week's gains contributed to the soft tone.

Properties came out worst, with Cheung Kong off 40 cents at HK$6.70, Sun Hung Kai down 45 cents at HK$8.60 and Hongkong Land losing 25 cents to HK$7.40.

Hang Seng index futures traded at a discount to the index. December contracts fell 121 to 2,280 and January 136 to 2,470.

Singapore

PROFIT-TAKING won the day in Singapore as individuals sold following eight successive higher closes. The Straits Times industrial index lost 8.78 points to 824.37 from last Wednesday's close of 833.15.

Turnover was a modest 34m shares, with institutions generally staying away in advance of the new year holiday weekend.

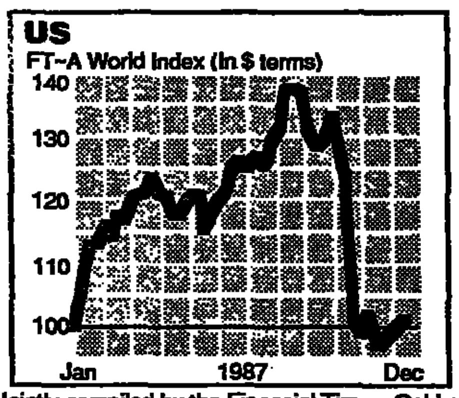
Among the most active stocks, property issue Malayan Credit shed 5 cents to S$1.24 on 3.84m shares traded.

Australian markets were closed.

THE YEAR IN FOCUS

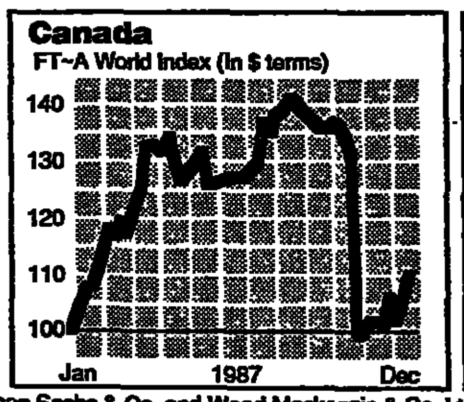
US

FT–A World Index (In $ terms)



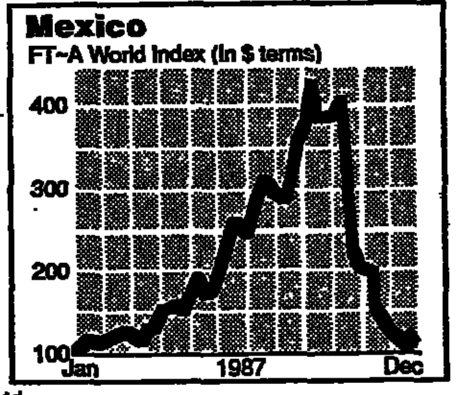
Canada

FT–A World Index (In $ terms)



Mexico

FT–A World Index (In $ terms)



Jointly compiled by the Financial Times, Goldman Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the institute of Actuaries and the Faculty of Actuaries.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 28 1987					THURSDAY DECEMBER 24 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (88)	103.18	+0.1	82.22	95.98	4.30	103.09	83.66	95.98	180.81	85.36	99.33
Austria (16)	98.99	+3.3	78.88	82.02	2.48	95.84	77.77	81.65	102.87	85.53	96.67
Belgium (48)	101.55	+0.8	80.92	83.97	5.53	100.75	81.76	84.97	134.89	94.63	96.97
Canada (127)	110.17	−1.2	87.79	103.98	2.98	111.55	90.52	105.53	141.78	98.15	100.48
Denmark (38)	114.78	+1.9	91.46	96.02	3.01	112.59	91.36	96.59	124.83	98.18	98.48
France (121)	86.13	−1.5	68.63	73.10	3.57	87.44	70.95	75.57	121.82	77.39	101.63
West Germany (93)	77.01	−0.4	61.37	63.91	2.91	77.34	62.76	65.60	104.93	68.91	97.60
Hong Kong (46)	88.77	−3.3	70.74	88.50	5.60	91.84	74.53	91.59	158.68	73.92	97.99
Ireland (14)	106.49	+0.0	84.86	92.14	4.92	106.49	86.42	92.14	160.22	93.50	97.66
Italy (94)	77.52	−1.4	61.77	68.14	2.76	78.62	63.80	70.40	112.11	72.04	97.98
Japan (457)	139.38	−2.3	111.07	108.46	0.63	142.64	115.75	113.65	161.28	100.00	98.03
Malaysia (36)	109.59	−0.2	87.33	104.95	3.43	109.78	89.08	105.55	193.64	93.76	100.64
Mexico (14)	99.73	−2.7	79.47	249.43	1.22	102.46	83.14	252.65	422.59	99.72	100.37
Netherland (37)	98.27	−2.1	78.31	80.58	5.46	100.40	81.47	84.16	131.41	87.70	99.05
New Zealand (20)	76.70	+2.0	61.12	61.48	5.38	75.17	61.00	61.48	138.99	73.39	98.39
Norway (24)	102.91	+2.0	82.01	87.40	3.07	100.93	81.90	87.40	185.01	95.51	98.16
Singapore (26)	97.47	−1.1	77.67	89.75	2.70	98.57	79.99	90.80	174.28	81.21	100.86
South Africa (61)	133.41	+1.4	106.31	91.41	4.67	131.56	106.76	90.14	198.09	100.00	100.42
Spain (43)	131.09	−2.1	104.46	107.65	3.81	133.88	108.64	112.07	168.81	100.00	98.04
Sweden (34)	99.19	+0.0	79.04	85.61	2.62	99.22	80.52	87.18	136.64	88.50	97.56
Switzerland (53)	82.88	−0.5	66.05	66.27	2.44	83.29	67.59	68.37	111.11	73.65	97.41
United Kingdom (332)	136.76	+1.8	108.98	108.98	4.20	134.30	108.98	108.98	162.87	99.65	98.07
USA (580)	99.91	−2.5	79.61	99.91	3.71	102.51	83.18	102.51	137.42	91.21	102.21
Europe (947)	105.82	+0.4	84.33	86.65	3.82	105.39	85.52	87.98	130.02	92.25	98.29
Pacific Basin (673)	136.01	−2.2	108.38	107.03	0.84	139.09	112.87	111.95	158.77	100.00	98.10
Euro–Pacific (1620)	123.99	−1.3	98.80	98.85	1.86	125.66	101.97	102.36	143.65	100.00	98.17
North America (707)	100.45	−2.5	80.05	100.16	3.67	102.99	83.57	102.70	137.55	91.68	102.12
Europe Ex. UK (615)	86.64	−0.9	69.04	72.54	3.45	87.46	70.97	74.75	111.97	78.89	98.42
Pacific Ex. Japan (216)	95.39	−1.0	76.02	89.69	4.68	96.35	78.19	90.76	164.03	82.92	98.89
World Ex. US (1822)	123.60	−1.3	98.50	99.07	1.93	125.23	101.62	102.46	143.38	100.00	98.28
World Ex. UK (2070)	112.23	−2.1	89.43	98.34	2.33	114.67	93.05	101.80	138.82	100.00	99.98
World Ex. So. Af. (2341)	114.29	−1.7	91.08	99.39	2.51	116.32	94.39	102.54	139.47	100.00	99.81
World Ex. Japan (1945)	102.47	−1.3	81.66	95.10	3.77	103.87	84.29	97.08	134.22	92.98	100.66
The World Index (2402)	114.42	−1.7	91.18	99.36	2.53	116.42	94.47	102.48	139.73	100.00	99.81

Base values: Dec 31, 1986 = 100

Markets closed December 24: Austria, Denmark, West Germany, Italy, Malaysia, Norway, Singapore, Spain, Sweden & Switzerland. Markets closed December 28: Australia, Ireland, New Zealand & U.K